S. Hrg. 103–779

CHILD SUPPORT ENFORCEMENT: THE FEDERAL ROLE

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Child Support Enforcement: The Fede... RING

BEFORE THE

SUBCOMMITTEE ON FEDERAL SERVICES, POST OFFICE, AND CIVIL SERVICE

OF THE

COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

JULY 20, 1994

Printed for the use of the Committee on Governmental Affairs

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CHILD SUPPORT ENFORCEMENT: THE FEDERAL ROLE

WEDNESDAY, JULY 20, 1994

U.S. SENATE,
SUBCOMMITTEE ON FEDERAL SERVICES, POST OFFICE, AND CIVIL SERVICE, COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 9:32 a.m. in room SD–342, Dirksen Senate Office Building, Hon. David Pryor, Chairman of the Subcommittee, presiding.

Present: Senators Pryor and Roth [ex officio].

OPENING STATEMENT OF SENATOR PRYOR

Senator PRYOR. Our Subcommittee will come to order. We welcome all of you this morning to this hearing. This is the first of a series of hearings, I would so boldly predict, on the issue of various segments of the up and coming concern and issue of welfare reform. This is a very, very integral part of the welfare reform picture, and our purpose today is really to examine and to highlight an issue we think has received far too little attention. That issue is child support, the basic obligation that all parents owe to their child.

This issue is becoming even more important within the last 10 years because more than half of our children will be born in homes where there has never been a marriage. I am going to repeat that because I think we need to have that seared in our consciousness. This issue is becoming even more important today because within the next 10 years, more than half of our children will be born into homes where there has never been a marriage.

I was recently saddened to read a report by the Children's Defense Fund that stated, while the default rate for used car loans in America is 3 percent, the default rate for child support is 50 percent. Now, this, of course, is unacceptable. It is an outrage. It is estimated that in 1992, 23 million children were owed $34 billion in uncollected child support. We think it is wrong to walk away from this very basic responsibility and short-change a child, and it is wrong to pass this obligation on to the taxpayer.

For many reasons, this issue is largely a State matter. It is not just a Federal concern. Child support orders are a product of State courts. They are enforced by the jurisdiction where the parent resides. However, since 1975, the Federal role has steadily grown. For example, in 1992 the Federal Government spent $2 billion to fund State programs. One of the purposes today is to ask what should the Federal role be and what should it not be.

A key issue is how well the present system can respond to the many new ideas contained in the administration's welfare reform proposal. The GAO is concerned about the capacity of the present system to respond and to fully implement the reforms of the past few years, yet alone these new requirements that we are now considering.

The Subcommittee is especially interested in knowing what specific actions the Federal Government can take to truly help States like Arkansas in their efforts to increase child support collections. In other words, we want to do our part.

In our home State, I find some reasons to be encouraged about this matter, and also some reasons to be very concerned. Arkansas is very fortunate to have a competent, highly regarded administrator of its child support program, Ms. Judy Jones Jordan, and she will be testifying later today. Arkansas' efforts have produced many successes. In 1988, Arkansas collected $20 million in child support. Four years later, this had doubled to $42 million. However, despite the best efforts of the best people, hundreds, if not thousands of absent parents have turned over this responsibility of paying for their children to the taxpayers.

Reliable estimates indicate that perhaps as much as an additional $40 million is owed to the children of Arkansas. Of 110,000 cases of single parents with children, child support payments are made to only 26,000 of them. While this proportion is actually one of the better ratios in the country and it has taken much hard work to achieve, I am sure that none of us today is satisfied with the status quo.

Where are these delinquent parents? Why don't they pay? Why are they not bearing the burden for which they are responsible? How can we help people like Ms. Jordan and others find these parents and collect the support owed to these children?

These are the questions that we will be answering. The Clinton administration wants to greatly increase the amount of money collected, and they have made many innovative proposals. However, if we are to achieve the stated goal of collecting some $20 billion in the year 2000, instead of the $9 billion we collect today, I think we need a fundamental change in the public attitude toward this issue.

When our society takes child support payments as seriously as car loans, then certainly this new attitude of responsibility is going to greatly reduce the burden on the taxpayers and child support workers while also making a large difference in the lives of millions and millions of children.

Now, we have brought forward today some videos. This is very short, 3 or 4 minutes. I think this is a sample, Kim, of what some States are doing, some public service announcements.

[Videotape shown.]

Senator PRYOR. Well, I think we are seeing some innovative approaches there from some of the States. We found out yesterday that there were other States doing a lot of things like this. We did not have time to get other videos, but perhaps at a subsequent hearing we can.

We have also brought one, I believe, poster. That is from our own State of Arkansas. This is a poster that will be hanging, or is hanging is various public places around the State. It gives the picture and the last known address of the person that we are seeking to find, and how much child support they are in arrears to, and we think that that is the type of thing that is going to increase the public sensitivity and consciousness of this whole concern.

Many of the States are doing other things. Maine, for example, is taking away drivers' licenses of people when they can locate them, which is an appropriate penalty, and I think you are seeing some positive results as a result of that. I am sure one or two of our witnesses will talk about that in the coming testimony.

This is an issue that everyone now seems to be talking about it very openly and candidly and in a way that certainly we can all relate to and understand, because I think that this issue has hit probably just about every American family one way or the other through kin or through brothers or sisters or uncles or aunts, or what have you. This is an issue that all of us, I think, are becoming more and more sensitive to.

This morning in the *New York Times*, there was a headline and a story I will place in the record, "Birth Rate for Unwed Women Up 70 Percent Since 1983." This, to me, is an astounding, incredible fact. In the *Washington Post* this morning, there is an article, "More Children Being Born to Unwed Parents, Study Says."

I will place these two articles at the appropriate place in the record.[1]

PREPARED STATEMENT OF SENATOR PRYOR

The purpose of today's hearing is to examine and highlight an issue that receives far too little attention. This issue is child support, the basic obligation that all parents owe to their child. This issue is becoming even more important because within 10 years, more than half of our children will be born into homes where there has never been a marriage. I was saddened to read a report by the Children's Defense Fund that stated that while the default rate for car loans is three percent, the default rate for child support payments is nearly 50 percent. This is an outrage. It is estimated that in 1992, 23 million children were owed $34 billion in uncollected child support. It is wrong to walk away from this very basic responsibility and short change a child. And, it is wrong to pass this obligation on to the taxpayer.

For many reasons, this issue is largely a State matter. Child support orders are a product of State courts and are enforced by the jurisdiction where the parent resides. However, since 1975, the Federal role has steadily grown; and in 1992 the Federal Government spent $2 billion to fund State programs. One of our purposes today is to ask what should the Federal role be. A key issue is how well the present system can respond to the many new ideas contained in the Administration's welfare reform proposal. The GAO is concerned about the capacity of the present system to fully implement the reforms of the past few years, let alone these new requirements we are now considering. The Subcommittee is especially interested in knowing what specific actions the Federal Government can take to truly help States like Arkansas in their efforts to increase child support collections.

In my home State of Arkansas, I find reasons to be encouraged about this matter and reasons to be concerned. Arkansas is fortunate to have a competent and highly regarded administrator of its child support program, Ms. Judy Jones Jordan, who will be testifying here today. Arkansas' efforts have produced many successes. In 1988, Arkansas collected $20 million of child support. Four years later this had doubled to $42 million. However, despite the best efforts of many good people, hundreds, if not thousands, of absent parents have turned over the responsibility of paying for their children to the taxpayers. Reliable estimates indicate that perhaps as

[1] See pages 70–72.

much as $40 million is owed to children in Arkansas. Of 110,000 cases of single parents with children, child support payments are made in only 26,000 of them. While this proportion is actually one of the better ratios in the country and has taken much hard work to achieve, I am sure that none of us is satisfied with the status quo. Where are these delinquent parents? Why are they not bearing the burden for which they are responsible? How can we help Ms. Jordan and others find these parents and collect the support owed to our children?

These are the questions we will be addressing today. The Clinton Administration wants to greatly increase the amount of money collected and they have made many innovative proposals. However, if we are to achieve their stated goal of collecting $20 billion in the year 2000, instead of the $9 billion we collect today, think we need a fundamental change in the public attitude towards this issue. When our society takes child support payments as seriously as car loans, then certainly this new attitude of responsibility will greatly reduce the burden on the taxpayers and child support workers while also making a large difference in the lives of millions of children.

Senator PRYOR. Well, we are very fortunate this morning to have an extremely fine collection of witnesses. The former commissioner of public health services in the city or State of——

Ms. BANE. Social services.

Senator PRYOR [continuing]. Social services in New York, has now joined this administration as the Assistant Secretary of the Administration for Children and Families, which is a job with a great number of challenges today. Of course, this is Mary Jo Bane, and we are very proud that you are here.

Judge David Ross from the Office of Child Support Enforcement is also here, and we are very indebted to you, Judge Ross, and to you—I should call you Dr. Bane, I think. We appreciate both of you being here.

Senator Roth from Delaware, our colleague and friend, has joined us now. I don't know if you have an opening statement.

OPENING STATEMENT OF SENATOR ROTH

Senator ROTH. Well, thank you, Mr. Chairman. I would like to make a statement. I join you in welcoming the witnesses. I can only be here temporarily because I have to go to a banking meeting and markup, but I want to stress how important I think these hearings are because I can think of nothing more important than the child support enforcement program.

As Congress moves to reform the welfare system, strengthening the child support enforcement system must play a role to ensure that both parents, and I want to emphasize that, that both parents are meeting their financial responsibilities to their children. We must continue to strengthen the child support enforcement systems at the State and Federal levels to make sure that deadbeat parents make their support payments.

Mr. Chairman, I have to tell you I am very pleased that the Roth Government Performance and Results Act, which you very strongly supported, can play a role in the strengthening of the child support enforcement system. Through my legislation, the Government can improve public accountability by focusing on the results and effectiveness of Federal programs like child support enforcement.

It is my understanding, and I am very pleased, that the administration has put the Child Support Enforcement Act as a pilot program under my legislation that focuses on results, pushing harder to collect delinquent child support orders. There is no question that we need to work to strengthen our Nation's child support laws and

to work to better protect our Nation's children and promote family formation.

Senator Pryor, I congratulate you for holding these most important hearings.

Senator PRYOR. Senator Roth, thank you for coming. We know you have another committee going this morning, but if we can't find you later on, we are going to put out a wanted poster for you. [Laughter.]

Senator ROTH. Very good. Thank you.

Senator PRYOR. Dr. Bane, we look forward to your statement this morning. You may read your statement, you may summarize your statement, ad lib it; just proceed.

TESTIMONY OF MARY JO BANE, ASSISTANT SECRETARY, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES; ACCOMPANIED BY DAVID ROSS, DEPUTY DIRECTOR, OFFICE OF CHILD SUPPORT ENFORCEMENT

Ms. BANE. Thank you. Mr. Chairman, I have a long statement that I will submit for the record, if that is all right.

Senator PRYOR. Fine.

Ms. BANE. I want to thank you for the opportunity to be here this morning. I am joined by Judge David Gray Ross, a former family court judge and now the new Deputy Director of the Office of Child Support Enforcement.

The Child Support program is a Federal-State partnership with a very important mission, the mission of promoting family self-sufficiency and economic well-being by securing regular and timely payments of child support for children. The partnership between the States and the Federal Government has been very fruitful. Last year, almost $9 billion was collected through the IV–D system from non-custodial parents, and paternity was established for more than 500,000 children.

However, it is clear that we are not doing anywhere near enough. The need for fundamental improvement to meet our mission remains. The system fails to establish orders. It fails to collect child support for millions of kids across America, and it deprives those families of money that they desperately need, as some of those ads showed so well, to meet their basic needs.

Our strategy within the administration for tackling the shortfalls in the Child Support Enforcement program is bold and it is comprehensive. We are committed to building a stronger partnership with States and we are committed to providing Federal leadership which emphasizes performance over process to ensure that we are mobilized to meet the demands of the 21st century in protecting children's well-being.

We have already begun a number of exciting new managerial initiatives to meet the demands, some of them under the Government Performance and Results Act, and I will talk a little bit more about that later. The primary example, though, of this administration's commitment to rebuild the child support system is the President's Work and Responsibility Act of 1994, which includes the toughest set of child support measures ever to make sure that parents pay their support. Child support is an integral part of the President's

welfare reform initiative and I am delighted to have the chance to talk about it here today.

Under the Work and Responsibility Act of 1994, we have three goals. First, our aim is to establish paternity for all births. Under the bill, States will receive Federal funding incentives to implement paternity establishment programs that expand the scope and improve the effectiveness of current State procedures for all births, regardless of welfare status.

Outreach efforts at the State and Federal level will promote the importance of paternity establishment. The responsibility of AFDC mothers to cooperate and of States to do their part in establishing paternity will be crystal clear.

Second, we will ensure fair award levels. A national commission will be set up to study the advisability of establishing national child support guidelines or national parameters to ensure equitable awards. Periodic administrative updating of all awards will also be required.

Finally, universal payment will be enforced. Existing fragmented child support structures will be replaced in the States with centralized State registries which will maintain current records of all support orders to eliminate the need for parents to apply for services. These centralized registries will communicate through a national clearinghouse to dramatically improve our ability to enforce interstate awards.

States will monitor payments automatically and use new enforcement techniques, including, as you noted, withholding of driver and professional licenses for those who fail to pay child support. In addition, a national directory of new hires will be established as part of a larger national clearinghouse for purposes of ensuring child support compliance, especially in interstate cases.

We know that the development of a proactive system incorporating these three initiatives will make a big difference in the success of the program, but it is not going to happen automatically. We have to work together with the States and we have to provide Federal leadership in this effort. A cornerstone of the child support provisions of the Work and Responsibility Act is a redirected Federal focus toward results, away from process requirements, incorporating a new strategy for the Federal audit, technical assistance, and improved use of technology.

Mr. Chairman, I would like to just take note at this point of the findings that will be presented to you later in the hearing as a result of a study by the GAO. I very much look forward to receiving their full report. In reading their testimony, it certainly appeared to me that the research that they did—and it was done at about the same time that Judge Ross and I were coming into our offices in OCSE—pointed out serious shortcomings in the child support enforcement system, the same shortcomings that we have identified. I am pleased to say that we are starting to tackle many of the problems that they identified. We are working on the audit process, on the issue of Federal leadership, and on the Federal-State relationship.

It is widely agreed, I believe, that efforts to pass the audit have been a significant driving force behind States' improved performance. At the same time, these audits clearly focus too much on administrative procedures and processes rather than on outcomes and results. Under the Administration's bill, audit requirements will be vastly simplified and will focus on performance outcomes.

We also plan to assume a greater leadership role by expanding training and technical assistance activities to prevent programmatic deficiencies before they occur. Rather than simply overseeing the States from a distance, Federal staff will play an active role in helping States improve their child support system.

This performance-based approach will be further strengthened by the reconstruction of the financing and incentive scheme for the Child Support program. Under the new approach, we will offer States a higher base of Federal financial support and new, very significant performance-based incentive payments geared toward outcomes. In addition, the bill provides for new technology and automation, offering the chance to implement performance-driven programs which assure quality services.

This move toward a performance-oriented system will be enhanced by efforts now underway to pilot a performance measurement system for child support under the Government Performance and Results Act of 1993, as Senator Roth noted. Under the pilot, we will attempt to improve the program's effectiveness and its public accountability by promoting a new focus on results, on service quality, and on customer satisfaction.

Through experience, through State and local initiatives, and through thoughtful criticism of our work by outsiders, we have gained a better understanding of how our child support enforcement system works, the effectiveness of some alternative program models, and the need for redirection and revitalization of our Federal leadership role. We are committed to a bold and comprehensive agenda for reforming the child support system so that it will finally ensure that our Nation's children receive the financial and emotional support that they deserve.

Thank you, Mr. Chairman. I will be glad to answer any questions.

Senator PRYOR. Dr. Bane, maybe I had better call on Judge Ross next, if he has a statement. You have no statement?

Judge ROSS. No.

Senator PRYOR. I may have a few questions because you have been out on the front lines here in this battle for a good while and I think you are a great authority. I will have a few questions in a moment.

Let me ask you, Dr. Bane, if I might, in the overall scheme of the welfare reform issue, where is the child support problem, how does it impact the welfare system, and how significant is the child support aspect to achieving some kind of welfare reform?

Ms. BANE. The child support aspect is absolutely crucial to achieving welfare reform. It is crucial in a couple of different ways. It is crucial in that it is part of making a clear statement to both

mothers and fathers, about parental responsibility and their obligations to support their children. It is also crucial in providing a financial base for families so that they can get off and stay off welfare. It can provide the financial base which, combined with work, will enable people to genuinely be self-sufficient and to genuinely improve the economic well-being of their children. So it is a crucial piece of welfare reform and it is a very important part of the Administration's proposal.

Senator PRYOR. We are beginning to see maybe the end, we hope, of debate on health care reform. The actual debate has not started on the Senate floor, as such, but it will soon. During these last months, we have talked a great deal about cost-shifting in the whole health care system, and we see another cost-shifting issue here, don't we? Shifting the responsibility and the cost of child support payments from an individual to the backs of the Federal taxpayers? Is this correct?

Ms. BANE. When parents don't pay their child support, you are quite right, Mr. Chairman, that the cost of providing for the children and for the non-custodial parent is often shifted to Federal welfare programs. So when parents don't pay their child support, you do indeed have a cost shift, and that is another one of the reasons that child support enforcement is so important to welfare reform.

Senator PRYOR. So if we have basically $34 million of back payments owed to children in America, would this mean that if all of these children got that money, say, by the first of the year that we could reduce substantially the welfare program or welfare dollars that we appropriate here? How does that work?

Ms. BANE. Well, much of that money, of course, is owed to children and to families who are not on welfare. We estimate that if we could increase our child support enforcement efforts dramatically, we might be able to reduce AFDC costs by 25 percent. Of course, we will also see dramatic improvements in the economic well-being of children, and in some ways that is the most important goal.

Senator PRYOR. Let's talk about AFDC for a moment. Now, what would be a rough figure? What is our Federal appropriation now for AFDC?

Ms. BANE. The Federal appropriation—for the AFDC program, including State and local, is now about $22 billion.

Senator PRYOR. $22 billion, and the Federal part of that is——

Ms. BANE. It is about $13 billion.

Senator PRYOR. Thirteen, so is it almost 50–50?

Ms. BANE. It is actually now about 55–45. We can get you the exact percentages.

Senator PRYOR. That is close enough. I think we are kind of going to have to go back to school on some of these basic, rudimentary parts of this whole puzzle that we are trying to reconstruct here before we get into the welfare reform debate.

Now, in the AFDC area, this is growing. Is this correct?

Ms. BANE. The AFDC caseload and expenditures on AFDC have been growing over the past 5 years.

Senator PRYOR. If the articles I just had placed in the record show that the birth rate of unwed women is up 70 percent since

1983—if this trend continues, how does this impact AFDC? Are we going to see a 70-percent increase in AFDC, or a 20-percent increase? Do we have a number on that?

Ms. BANE. Well, it doesn't translate percentage point for percentage point, and we can try to track out the trends over the last couple of years. One of the important things to note, though, as we think about welfare reform, is that the growth in children living in single-parent homes and the growth in the AFDC program is driven by the surge in the number of children who are born to mothers who are not married.

Traditionally, child support enforcement has been less effective with parents who are not married than with parents who are divorced and separated, and that is for a variety of reasons. One of the reasons that we are putting such a focus on paternity establishment in our proposals in the Work and Responsibility Act is that paternity establishment is the first step toward enforcing parental responsibility. With parents who are not married to each other child support enforcement involves paternity establishment, then the establishment of an order, the updating of an order, and collection on the order. We have identified paternity establishment as the step that needs the most dramatic improvement if we are going to be able to help very low-income families.

Senator PRYOR. Now, you have an office of about how many people?

Judge ROSS. 151.

Senator PRYOR. I understand that 85 of that 151-person office would be auditors. Is this correct?

Judge ROSS. No, sir.

Senator PRYOR. No?

Judge ROSS. That number is wrong, for some reason, in the GAO report. The audit division itself is smaller. I have a number here.

Senator PRYOR. You have got a good numbers man there behind you.

Judge ROSS. The 151 does not include the staff in the regions. A total of 232 people are involved in the child support operation. This includes the people in the systems office, the people in the regional offices and program managers. Of that number, there are 79 involved in the audit, which I am told is 34 percent. So it is much smaller than the GAO report indicates, but it is still a lot of people.

Senator PRYOR. Thank you.

Judge ROSS. And I might say that with regard to our auditors, we are really attempting to change their focus as part of this entire process of reinventing government. One of the things we are reinventing, frankly, is the role of the auditor so that we will be providing assistance to States and not simply watching and overseeing from a distance.

Senator PRYOR. Well, Dr. Bane has mentioned in her opening statement about audits and wanting to make these audits more efficient and less cumbersome, and I think we are going to hear some follow-on testimony here in a few moments about how those audits affect people out there in the field and how much time and delay they really cause and how they impact the workload of the people who are trying to find these folks to pay the child support. So this is a whole area I know that we have got to address and I hope we

really look at very seriously because there seems to be sort of an audit mentality. We want the money to be accounted for, we want the people to be accountable, but yet we do not want to overburden those who are trying to do the real work that we have got to have done.

Now, Dr. Bane, if I might, I only have two or three more questions. I am probably not going to keep this hearing open as long as I thought because I think we are going to have some votes on the Senate floor before too long. I hope they are going to try to stack those votes so we don't have to run back and forth. The Senate is not very efficient that way and sometimes they make us get our exercise.

GAO has just found that your office or the office that you occupy has very little capacity to provide technical assistance to the States. Now, how do we plan to help the States to implement the new requirements that are going to be contained in the welfare reform proposals? How are we going to reach out and help these States?

Ms. BANE. One of the most important things we need to do is to focus on the audit function, as you just noted. We need to focus with the States much more on results and outcomes on collections, on orders established, on paternities established, and on cost effectiveness.

In order to do this, we will have to make some changes in our managerial approach. We will have to make some changes in our regulations and in the statute. As you know, Mr. Chairman, that is what we are requesting in the Work and Responsibility Act.

Do you want to talk a little on that?

Judge ROSS. Sure. I have only been in OCSE 6 months, but one of our first accomplishments, and one I am very pleased with relates to technical assistance. We published, just last week, an inventory of a talent bank of people in the States, people in the Federal offices, people in the private sector, who are available to help States in the area of providing technical assistance.

My thought is that if Texas needs help, rather than sending to Washington for it, they will go to Oklahoma and the folks in Oklahoma who have performed—or Arkansas——

Senator PRYOR. I am glad you corrected that. [Laughter.]

Judge ROSS [continuing]. Will be able to provide that technical assistance. We have also just published a compendium of best practices, again, so that States may share information. We spend a lot of time reinventing the program State by State, at very great expense. Many of our new technical assistance projects will revolve around assisting one State in obtaining the information from another without spending the money again.

Senator PRYOR. Judge Ross, I believe, if I am not mistaken, in your past before you became part of the administration you were a judge in Prince George's County, Virginia. Is this correct?

Judge ROSS. No; Maryland.

Senator PRYOR. Pardon me; in Maryland. We are getting all of our States fouled up today.

Secondly, you were concentrating mostly, or focused on family law?

Judge ROSS. Right. I was in the family law division and spent a lot of time dealing with these issues. It is easy to do if you are committed, and what we need to do is have everyone committed to the goals of the Child Support Enforcement program. I think we can do that by working with the States, as opposed to being opponents of the States.

Since I have been in office I have been around talking with folks, hearing what they say. We have spent hours with telephone conferences talking with the IV–D directors and with our regions, making us all stronger partners in this child support effort. It will never be accomplished unless we do it together.

Senator PRYOR. How successful do you think the PSAs and the wanted posters, et cetera—how is this public service campaign going to impact the problem?

Judge ROSS. We are never going to have universal compliance unless we have voluntary compliance. People need to be responsible for their children. One of the focuses of this administration is that both parents have an interest in all this. Noncustodial parents are more than people who pay money; they are also caring fathers whose parents are, in turn, caring grandparents of these children.

So I think by including everyone in the process, as we are trying to do, and obtaining voluntary compliance through these sorts of ads and through promotions that indicate that we are pleased with activities of people who support their children, I think we are going to be much better off.

Ms. BANE. You noted in your opening statement, Mr. Chairman, how important it is to change the attitudes in the society as a whole about how important it is to support your children so that people don't think, that it is not very important. The messages of some of the men in those ads tell how important it is to pay your child support. I think it is crucial.

Senator PRYOR. Why is it that we have just started seemingly talking about this issue in public? I mean, all of a sudden it seems like we are seeing the posters and PSAs and a conscious level of involvement of communities now, and cooperation, hopefully, of some of the Federal agencies. We will talk about that later. What has caused this?

Ms. BANE. I think there has been a gradual increase over time in public recognition of the importance of parental responsibility and public recognition of how big a problem this is vis-a-vis kids and vis-a-vis the welfare system. I think we are getting a response because it is a big problem and people recognize that we genuinely need to do something about it.

Senator PRYOR. Yesterday, there was a hearing in this very room relating in part to the Internal Revenue Service and some of the problems that they are having. How did they cooperate in helping to find these individuals that we are seeking?

Judge ROSS. We have in a locked room separated from the rest of the office, a computer bank that deals directly with Internal Revenue Service matters. We do both location of individuals and location of assets, as well as enforcement, including the intercept of federal income tax refunds in partnership with the IRS. That information is available to the States through our office. It is, frankly,

at the moment cumbersome. However, our reform strategy deals with the problem and hopefully we will see improvement.

Senator PRYOR. What other agencies are you utilizing in the Federal system that cooperate or don't cooperate?

Judge ROSS. I have visited with maternal and child care folks, talking about the availability of child support. In addition, we have scheduled brown bag luncheons where we will invite the employees from the 10 major departments of the Federal Government to come and hear about their rights regarding child support.

We are having people come from Maryland, D.C. and Virginia, so they can actually file the application for child support on the spot. We are also doing a number of outreach activities including the Advertising Council promotion. These sorts of outreach activities are just part of our efforts. We work with other Federal agencies, too. Under the new Federal law, it is a Federal crime, not to pay your child support when your child is in another state. We have scheduled some meetings with the folks at the FBI to talk about implementation.

Ms. BANE. We might also mention the Federal parent locate function which is a resource available to the States to help them get information needed to locate absent parents.

Judge ROSS. Right.

Ms. BANE. Through that parent locate service, we have access to a whole variety of data bases at the Federal level from which we can make information available to the States in helping them to locate parents.

Senator PRYOR. Is the absolute identity or confirmation of parenthood, I guess you would say—is this harder to prove now or easier to prove now?

Ms. BANE. It is much easier to prove now.

Senator PRYOR. Go through some of those steps with us.

Ms. BANE. The crucial breakthrough in this aspect of child support enforcement is, of course, genetic testing, and through these tests it can be determined with near certainty whether someone is or is not the parent of a child. So, whereas in the past paternity establishment procedures were often adversarial—I did this; she did this; no, I didn't; yes, you did—now they can be very simple. It simply requires a blood test of the child and blood test of the parent and then it is pretty much over.

I think the critical part now is not waiting to try to establish paternity. Sometimes under the current system, paternity establishment efforts aren't started until the custodial parent applies for AFDC, and the child might be 3 or 4 years old, it might be several years since the birth, and the parent is much harder to locate at that point. This is why we are putting so much focus on paternity establishment in hospitals at the time of birth for every child.

Something like 80 percent of fathers who are not married to the mother are actually present at the birth of their child. It is the obvious time to establish paternity. We will be requiring hospitals to have paternity establishment services available at that time, and I think the combination of those actions, paternity establishment at birth with the technology now available for blood tests, will make a huge difference.

Senator PRYOR. In our State, we have, I think, made some good strides with paternity establishment programs.

Ms. BANE. Very good strides.

Senator PRYOR. And I think this was funded by a grant from HHS.

Judge ROSS. Yes, sir.

Senator PRYOR. We are very grateful. Have we evaluated this particular program, and are the other States having similar programs? Do you know, Judge Ross?

Judge ROSS. Yes. In fact, the State of Maryland just signed a contract, I think, last week with the same firm that Arkansas has used. The Arkansas program has been very successful in terms of its delivery of information to fathers and obtaining admissions of paternity in hospitals.

As a judge for many years, I can say that when the father came in carrying an infant at a paternity hearing, the likelihood was pretty good he was going to admit paternity. When the child was in the terrible 2's, the mother was on one side of the room with the child and the father on the other, and we knew there would be a denial. So, the ability to have people recognize their rights, as well as obligations, early on is perhaps one of the most critical things we could do.

Senator PRYOR. Dr. Bane mentioned this, and in visiting yesterday with some of our other witnesses I understand this, and I did not know that this happened, but at the time of the actual birth many, many times—in fact, 85 or 90 percent of the cases, the father actually comes to the hospital. Is this correct?

Ms. BANE. That is correct.

Senator PRYOR. Is this not the time to nab that fellow and fingerprint him and photograph him, and what have you?

Ms. BANE. We like to think about it as the time to offer him the opportunity to acknowledge his parenthood and his parental responsibilities.

Senator PRYOR. Right, and is this done?

Ms. BANE. That is the gist of the programs that Judge Ross was just talking about that are now going on on a pilot basis, and that soon will be required in all hospitals under the new legislation.

Senator PRYOR. Now, you are trying to clarify, I think, the mission of your whole operation.

Ms. BANE. That is right.

Senator PRYOR. How would you compare it today, say, to what it was 5 years ago, or even 10 years ago? What accomplishments or strides have been happening that you have seen?

Ms. BANE. I think that in many ways the focus of the mission several years ago—and this was true in many States as well as in the Federal Government—was on recovering money for the treasury and increasing collections in the short term. In many ways, the collection goal was the only one that the Federal Government or the States looked at.

Now, you might think that is exactly the right thing to do. But it turns out that over the longer term it is as important to do paternity establishment, establishment of orders and updating of orders, even in cases where at the time of the establishment of the order there may not be much potential for collecting child support,

because over time the potential grows. So, we are pushing very hard to focus on paternity establishment, the establishment of orders, and the updating of orders in order to collect support rather than focusing solely on the last step of the process—collections.

We are also trying to reinforce as part of the mission of the agency that this program is about the well-being of children. It is not just about returning dollars to the treasury; it is about providing food and housing and sneakers for kids. I think that if we see our mission as helping families and helping kids, all of us at the Federal level, at the State level and at the local level, will have even more incentive and more energy in pushing this very important program.

Senator PRYOR. Many of the individuals who come to this table where you are seated now say that the solution to the woes of whatever agency it might be or department of Government it might be would be more money. Is that the solution for your agency, or is it something else?

Ms. BANE. I actually think that we have many things we have to do to improve. I think we can work smarter. I think that we can be clearer about our mission. I think that we can use the resources that we have to provide leadership in better ways. As part of the Work and Responsibility Act, however, we are requesting more money for outreach, for technical assistance, for aid to the States, and for automation.

If there is any area in which the investment of money has clear payoffs, it is in automating many of the aspects of child support enforcement, and I think that is the most important set of investments that we need both at the State level and at the Federal level to improve the working of the system.

Senator PRYOR. Judge Ross, you have been out there in that field a long time. Do you have any insight?

Judge ROSS. I think our focus must certainly be different. I have made a sign and put it up over my door, which says "Children First." I think for the first time in a long time, the Federal child support office is concerned about the quality of life of children.

Our mission is collection of money, our mission is to meet targets and goals, but within the context of what is best for our children. One of the reasons it is so important to be part of the Administration for Children and Families is that we do have cross-cutting concerns. I was telling the Surgeon General the other day that at some of the public health facilities where they are dealing with maternal and child health care, we ought to have child support folks there telling people how to apply for and receive child support services. It really is children that are the focus of all this.

Senator PRYOR. One of the posters I saw yesterday—I was amazed at because two or three of the people we are seeking here—and I don't know what State; it is Florida—are female, and they have abandoned the child and the family so the female is being sought, also. We always think in terms of the runaway dad.

Judge ROSS. I was very excited that Senator Roth said deadbeat parents and not deadbeat dads.

Senator PRYOR. Once again, we are all getting educated in this issue, and you have brought a lot of instruction to this Subcommittee this morning and we are very grateful and appreciative of both

of you coming. We are going to get to know both of you very well in the next several months during this welfare reform debate.

Ms. BANE. I hope so.

Senator PRYOR. We are very indebted to you. We look forward, by the way, to sharing the GAO report with you when that comes out. I know there will be a lot of information in there that we can find to our mutual advantage in trying to help the children of this country and move down that road to welfare reform.

Thank you very much, both of you.

Judge ROSS. Thank you, sir.

Ms. BANE. Thank you, Mr. Chairman.

[The prepared statement of Ms. Bane follows:]

PREPARED STATEMENT OF MARY JO BANE

Mr. Chairman, Members of the Committee, thank you for the opportunity to appear before your Committee this morning to talk about the Child Support Enforcement program.

The Administration's plans to guide the program into the 21st century are exciting. I would like to share with you highlights of our vision for the future, including the child support provisions of the President's welfare reform initiative, The Work and Responsibility Act of 1994, and discussion of our active involvement in the Government Performance and Results Act of 1993. My testimony will focus on these initiatives within the context of the area where you have expressed the greatest interest—the role of the Federal Government in the child support enforcement program.

INTRODUCTION

The child support program is a Federal/State partnership with the mission of promoting self-sufficiency by securing regular and timely child support payment. Toward this end, States are required to administer effective programs for locating absent parents, establishing paternity and establishing and enforcing support orders and collecting payments. In turn, the Federal Government is responsible for providing States the support they need to meet program goals by establishing appropriate service standards and providing necessary guidance, technical assistance and resources.

This partnership has been fruitful. Last year, the Federal-State system collected over $8.9 billion from noncustodial parents, and established the paternity of more than half a million children. This translates to fiscal year 1993 collections which are almost double the $4.6 billion collected in 1988 when the last major piece of child support legislation was enacted as well as an 80 percent increase in the number of paternities established.

While these statistics show progress, the need for fundamental improvement remains. We recognize that the current system fails millions of custodial parents and children across America. In 1990, for example, noncustodial parents paid only $14 billion in child support. But if child support orders reflecting current ability to pay were established and enforced, single custodial parents and their children would have received $48 billion: money for school, clothing, food, utilities, and child care. Testifying before the Working Group on Welfare Reform, Erin Hunter of Linden, New Jersey expressed the human cost of the collection gap. Mrs. Hunter's ex-husband owes over $40,000 in child support, and she struggles to keep her job as a medical assistant, pay her bills, and remain off welfare. She told the Working Group: "The first time my son asked me if we were poor, he was only 9 years old, and this was at our dinner table. I am embarrassed to open the refrigerator door because you can see straight through it. I just don't see the system working. I fill out the forms and they're going from one State to the other. It seems there's three different levels of government . . . and it's not solving the problem. It's been 8 years."

We must improve the system to help families like Erin Hunter and her children. Our strategy for tackling shortfalls and making the Child Support Enforcement program better is multifaceted. We are committed to building a stronger partnership with States and providing proactive Federal leadership, both through administrative enhancements enabled under current authority and through the reforms we are proposing in legislation. We are committed to shifting the Federal focus in child support from process to results and performance and are accelerating activities toward

this end. And we are committed to doing business differently and making the cultural changes at the Federal level, that is shifting from predominantly a reactive overseer to a proactive partner, to ensure that we are all mobilized to meet the demands of the 21st century in protecting children's well-being.

Work and Responsibility Act of 1994

The President's Work and Responsibility Act of 1994 provides for the most powerful child support system ever to make sure parents pay their support. But building such a system will not be possible unless all parties are willing to undertake significant change in the way we do business. Our approach places greater demands on parents, States and most importantly for purposes of this Committee, the Federal Government.

Our national failure to better collect child support has several explanations. Paternity is not established for most children born out of wedlock. Child support awards are usually low and rarely modified; award updating is frequently initiated only at the mother's request and requires extensive litigation. And ineffective enforcement allows many noncustodial parents—especially in interstate cases—to avoid payment.

However, we can solve these problems. We can reduce litigation, automate enforcement, and create the proactive system that our children need through three key initiatives outlined in the Work and Responsibility Act of 1994. Our plan provides for universal paternity establishment through hospital based programs; regular awards updating as parents' incomes change; and new, tougher enforcement measures—such as wage-withholding and centralized registries—to ensure that noncustodial parents meet their financial obligations.

First, our aim must be to establish paternity for all births. Under the bill, the responsibility to establish paternity is made clear. States will receive Federal funding incentives to implement a paternity establishment program that expands the scope and improves the effectiveness of current State paternity establishment procedures for all births regardless of welfare status. This approach builds on the Administration's early paternity establishment reforms from the Omnibus Budget Reconciliation Act of 1993.

Hospitals will expand existing paternity programs, while simplified legal procedures and use of scientific testing will facilitate later identification. Outreach efforts at the State and Federal levels will promote the importance of paternity establishment. AFDC mothers will be required to cooperate fully with paternity establishment procedures by supplying the father's name and location prior to the receipt of benefits and in turn, States will be responsible for acting on the information provided and will have 1 year to establish paternity for AFDC recipients or face financial penalties.

Second we must ensure fair award levels. Child support awards should reflect the noncustodial parent's current ability to pay support—not just the ability to pay at the time the award was established. But many child support awards are never adjusted as incomes change. A national commission will be set up to study the issue of child support guidelines and the advisability of establishing national guidelines or national parameters to ensure equitable awards. Periodic administrative updating of all awards will also occur.

Finally, we must enforce universal payment. Currently cases are too often handled on a complaint-driven basis with the agency only taking enforcement action when the custodial parent exerts pressure. Many enforcement steps require court intervention, even when the case is routine. Even routine enforcement measures often require individual case processing rather than relying upon automation and mass case processing.

Under the bill, existing fragmented child support structures will be replaced with centralized State registries and clearinghouses. The registry will maintain current records of all support orders and will be coordinated with a central clearinghouse for the collection and distribution of all child support payments, unless both parents agree that services are not desired. This will ensure that the support rights of all children are protected and will vastly simplify withholding for employers.

States will monitor payments automatically and take advantage of new enforcement techniques: data-base matching, withholding of driver's and professional licenses, imposition of motor vehicle liens and when necessary property seizure and passport denial. Routine enforcement actions will be handled on a mass or group basis using computers and automation. In addition, a National Directory of New Hires will be established to maintain up to date data on new employees for purposes of ensuring child support compliance.

Because about 30 percent of the current caseload involves interstate cases, new provisions will make interstate procedures more uniform throughout the country, including an expanded Federal role to ensure efficient location and enforcement. A National Clearinghouse will be established to support this activity. The Clearinghouse will consist of an expanded Federal Parent Locator Service, the National Child Support Registry, and the National Directory of New Hires.

Payment of support also will be improved by focusing more attention on the needs of noncustodial parents and by sending the message that "fathers matter." The child support system, while getting tougher on those that can pay but refuse to do so, will also be fairer to those noncustodial parents who show responsibility toward their children. There will be better tracking of payments to avoid build-up of arrearages and a simple administrative process for modifications of awards so that parents are not faced with awards they cannot pay.

Strengthened Federal leadership. After careful study, we know these three initiatives will make a difference in the success of the program. But as I indicated, States cannot and will not be asked to do this job alone. In addition to the expanded Federal role with respect to interstate issues, there are other commitments we have made in changing the way the Federal Government does business; especially with respect to the Federal audit, technical assistance functions and technology.

Cornerstone to the bill is a redirected Federal focus toward results and away from detailed process requirements, including fundamental changes to current statutory requirements for conducting a Federal audit. At present, Federal statute mandates periodic comprehensive Federal audits of State programs to ensure substantial compliance with all Federal requirements. It is widely agreed that efforts to pass the audit have been a significant driving force behind States' improved performance. While two-thirds of the States fail the initial audit, three-fourths of these same States come into compliance after a corrective-action period and avoid the financial penalty.

However, because of the statutory mandate for comprehensive audits, these audits are by nature detail-oriented and time and labor intensive for both Federal auditors and the States. States have long contended, and I emphatically agree, that this audit system focuses too much on administrative procedures and processes rather than performance outcomes and results. Under the Administration's bill, Federal audit requirements will be vastly simplified and will focus primarily on performance outcomes. Audit penalties will continue to be assessed when necessary but will be strictly based on failed performance standards. Federal auditors will ensure that State data is valid and reliable and will conduct periodic financial and other audits as necessary.

States will be given responsibility for conducting self-reviews within federally-established parameters to assess whether or not all required services are being provided and will be required to establish a grievance process for recording and handling customer complaints. If such reviews or the level of public grievances or complaints indicate that services are not being provided, we will evaluate the State's program and ascertain the causes for the problems to help States correct them. We believe this approach will aid States in early identification and swift correction of performance problems.

We also plan to assume a greater leadership role by expanding training and technical assistance activities. Federal technical assistance will be expanded to prevent programmatic deficiencies before they occur. Rather than simply watching and overseeing State programs from a distance, Federal staff will now be active players in helping States improve their child-support programs.

Under the Administration's bill, amounts equal to a portion of the Federal share of child support collections will be used to fund technical assistance, training, research and demonstration projects, and staffing studies. States will be required to have minimum training standards for all pers6ns involved in the child support program, based on a federally-developed core curriculum.

The performance-based approach will be further strengthened by the reconstruction of the entire financing and incentive scheme for the child support program. Under this new approach we will offer States a higher base of Federal financial support and new performance-based incentive payments geared toward desired outcomes.

Finally, new technology and automation offer the chance to implement performance-driven programs which ensure quality service, fiscal accountability and program integrity. To achieve this vision, the Administration's bill proposes an information infrastructure for child support which will simplify and expedite the ability of States to transmit information within State and across States. At the Federal level, we would pursue the development of national systems to support broader information needs.

Government Performance and Results Act

The move toward a performance-oriented system will be enhanced by efforts now underway to pilot performance measurement under the Government Performance and Results Act of 1993, known as GPRA.

The purpose of GPRA is to improve Federal program effectiveness and public accountability by promoting a new focus on results, service quality and customer satisfaction. In the long term, GPRA envisions holding Federal programs accountable through the use of 5-year strategic and annual performance plans and reports.

During the pilot period encompassing fiscal years 1995 and 1996, we will attempt to improve the program's effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction. Because the Child Support Enforcement program is a Federal/State partnership, the pilot will require close collaboration with our State partners to plan, set goals and measure results. Strategic plans are being developed in conjunction with State child support administrators and other partners and customers through national conferences and focus groups. As these plans evolve, they will come to reflect the input and opinions of a wide variety of stakeholders in the program.

CONCLUSION

Through experience and State and local initiatives, we have gained a better understanding of how our child support enforcement system works, the effectiveness of some alternative program models, and the need for redirection and revitalization off our Federal leadership role. We are hopeful that implementation of our multifaceted agenda for reforming the child support system, through enactment of the President's bill, involvement in the GPRA pilot projects, and doing business in a new way, will finally ensure that our Nation's children receive the financial and emotional support they deserve.

I will be happy to answer any questions you may have.

Senator PRYOR. We are going to call our next panel, and that is Judy Jones Jordan, who is from the State of Arkansas, the Office of Child Support Enforcement; and Pat Addison from the State of Virginia, a program specialist in the Virginia Division of Child Support Enforcement.

We are very indebted to you both for coming here this morning and we will now proceed. Why don't we go first with you, Judy, and you may make your statement. We are going to try to hold our statements to 5 to 7 minutes. You may summarize your statement. The entirety of your statement will be placed in the record.

Judy?

TESTIMONY OF JUDY JONES JORDAN, ADMINISTRATOR, ARKANSAS OFFICE OF CHILD SUPPORT ENFORCEMENT

Ms. JORDAN. Mr. Chairman, thank you for having us here today to share with you our ideas on strengthening the structure of the child support enforcement program.

The child support program has changed greatly since its beginnings in 1974. States were allowed a lot of flexibility in the beginning and the goals for the program were well defined for us. Our primary goals at that time were fairly simple. We wanted to locate absent parents, establish paternity, and collect and enforce child support.

Over the years, things have changed dramatically because of the new responsibilities that have been added to our program, and with those changes come more stringent Federal regulations that tell us how to process cases rather than looking at the end results of what we do. The program has changed from one designed to assist families and recover welfare funds to one that is focused primarily on passing audits and avoiding Federal penalties, and that

is what our case workers look at, is what they have to do to pass a Federal audit.

There is indeed a national crisis in child support enforcement. The conservative estimates range from $20 to $40 billion in uncollected support. I was interested in your comment about the Arkansas collections. There was good news and there was bad news in those numbers. The good news is that we have collected now $63 million. The bad news is the caseload has gone up to 117,000 cases, and we get about 200 to 400 new cases a day.

We are very encouraged by some of the new dialogue that is going on to reinvent the child support program. Child support workers must have effective and modern locate and enforcement tools. Some of these new measures are being considered by Congress to be mandated to the States. Some of the ones that we are very interested in seeing adopted are the mandatory adoption of UIFSA by States, sent to registries and central collections. New-hire reporting would be one of the most important and helpful locate tools Congress could provide us, and then, of course, as has been mentioned today, revocation of drivers' licenses and professional and technical licenses. In Arkansas, we now have a law to revoke commercial drivers' licenses that has been very helpful.

We are very encouraged by these things. However, meaningful change will not occur without redefining the structure and the goals of the Federal framework so that the Federal Government can provide leadership and prevent micromanagement through Federal regulation and oversight.

If the program is to have effective leadership and oversight responsibilities, we think there are four areas that need to be looked at primarily—organizational structure, the regulatory process, audits, and the funding structure.

First, organizational structure, as you know, the Office of Child Support Enforcement is within the Department of Health and Human Services' Administration for Children and Families. The Assistant Secretary, Ms. Bane, serves as the Director of the Office of Child Support Enforcement. The Deputy Director is, therefore, the highest level manager whose duties are exclusively within the Office of Child Support Enforcement.

Under the direct authority of the Deputy Director are three divisions—Policy and Planning, Program Operations, and Audit. Managers of these program areas interpret regulations for our field workers and that sort of thing. Also, in addition to the staff that is here in Washington, there are program managers in the various Federal regions of ACF. These program managers interpret child support policy and have oversight responsibility for State programs throughout the country.

Yet, these same program managers do not report to the Office of Child Support Enforcement; they report directly through the regional managers to the Assistant Secretary. This creates a problem in that the people that interpret child support policy and regulations don't report to the Office of Child Support Enforcement directly. It is little wonder how Congress can hold the Office of Child Support Enforcement responsible for program direction and setting goals for the program nationally when the people that implement them don't report to the Deputy Director.

We would recommend that all child support program staffing, including the regional program managers, report to the Deputy Director. Program staff would benefit from the access that they would have to the policy people in Washington, and I think that a direct relationship with program management would cause the field managers to identify more clearly with the goals and objectives of the program.

The second area for improvement, we feel, is the Federal regulatory process. Several, I think, of the people will be testifying about Federal regulations and the process that we go through. In looking at the Federal regulatory process, however, there are two areas, interpretation and then timeliness of the regulations, that should be looked at.

In interpreting Federal regulations, of course, there is need for program standardization, but the regulations must be reasonable to accommodate the needs and variations among the States and they should not be so stringent as to prevent innovations or mandating efficiencies. One of the examples of the narrow definition would be in the medical support area, where we may only collect a specific dollar amount of medical support if it is to be funded by the IV–D program.

The other issue in regard to regulations really has to do with the timeliness, or lack thereof, with issuing regulations that often come out far after the date which Congress established for the program to be implemented by the States. Part of the delay in the publishing of regulations is from the multi-level approval process that the Federal Government goes through before having these regulations out on the street to the States.

The value of the multiple approval process must be weighed against the harm it is doing to the program direction and the goals of Congress for the program. States are required to meet their time frames, and we believe the Federal Government should meet theirs by issuing regulations in a very timely way. We have seen new progress in this area, and we feel that the new Federal regulators should have an opportunity to get regulations out on a timely process without the barriers that have been created for them.

The process for writing, improving and publishing Federal regulations should be examined, we feel. Any steps which do not provide a clear benefit to a program or national policy should be removed and regulations should be written in a style that is clear for child support personnel to understand and not leave any questions about the interpretation, and, clearly represent the Congressional intent in the interpretation of those regulations.

The other issue has been talked about already this morning. The audit of State programs is a very time-consuming process. The audits of State programs currently conducted by the Office of Child Support Enforcement use over 130 process-oriented criteria to determine whether certain steps are taken in child support case management. This means that all the child support in a State could be collected, but if they weren't collected pursuant to these criteria, then a State could still fail a Federal audit. We believe that the steps in the process are certainly important, but they are the means to the end, they are not the end result, and that audits should measure the outcomes.

As an example about the audit process, in August 1989 I took over the Pulaski County child support agency, our largest unit in the State. That first year when I took over the troubled agency, we had four audits during the first year, plus two reviews by the Federal Government. This was a very time-consuming process. It takes time away from our people who are doing locate activities, pulling files, and answering questions. Clearly, the audit process is duplicative in nature, it is costly, and we think that process should be looked at.

I had a little bit different number, I think, than the GAO and Judge Ross on the numbers of people that are involved in the process. We have estimated it is roughly about 50 percent. It is a little closer to Judge Ross' estimate, I think, but surely it does take a large part of the Federal support staff. The staff involved in the audit process are needed in technical training and assistance to help us collect child support better.

The other issue is that it is duplicative. In the audit process most States do have an internal quality control or program compliance program that is set up. We believe that the Federal Government in looking at this audit process could build upon the State internal quality controls and, perhaps, lessen the number of people involved in the audit process at the Federal level and make it less duplicative.

So we would recommend, as do the National Governors Conference and the APWA, a child support program audit which measures performance outcomes in six areas—paternity establishment, order establishment, collections of child support, collection of arrears, enrollment of children in parents' health insurance, and distribution of collections.

Annually, goals should be established for each State to move toward new performance standards that could be quantitatively measured with our new data systems. That way, we can move States toward quality goals and measure each individual performance of a State so that their workers and everyone would know where they stand and where they need to go.

The fourth area that we feel needs to be looked at, and we talked a little about, is funding. It is not just simply a matter of funding and needing more dollars, though as the numbers of cases have dramatically increased, we would note that the Federal financial participation rate has come down from the 75 percent to 66 percent. That is part of the nation's problem with child support agencies, we have fewer resources to handle a larger problem than we had in the very beginning.

The Federal funding structure does provide for incentives on collections, and that has been very helpful to a number of States, Arkansas included. We have passed those incentives along to contractors we want to offer incentives to for performance. Roughly half of the States would be hurt by a funding formula that was a flat Federal funding participation rate because they have these types of incentives.

If we are to go to a different type of incentive structure, then we would recommend the one currently before Congress in the administration's proposed work and responsibility program. We endorse

the concept of having some kinds of incentives, and these incentives are on locating absent parents, establishing paternity, and collecting child support. These are the goals by which our clients judge us and we believe that is where we need to move in the direction of, of being more outcome-driven rather than process-driven.

In closing, I express my appreciation to you, Mr. Chairman, and to the Committee for your interest in improving the operation of the child support enforcement program. It is sorely inadequate to meet the needs of our children. We ask that Congress clearly define the child support mission and ensure that we have adequate funding and audit reform, and make the process better so that we can make the system work for our children and the Nation.

Thank you.

[The prepared statement of Ms. Jordan follows:]

PREPARED STATEMENT OF JUDY JONES JORDAN

Thank you for the opportunity to share with you ideas to strengthen the structure of the child support enforcement program. I appreciate your interest in child support enforcement, and your solicitation of comments from those of us who have practical hands on experience in state programs.

In 1975 when child support enforcement was a new program, States were allowed flexibility, encouraged to create innovative programs that were best suited to unique socioeconomic structures in each State and were funded at a Federal match rate of 75 percent plus incentives on collections. States were given three well defined goals, 1) locate absent parents, 2) establish paternity and 3) collect child support. Over the years additional responsibilities and expanded services have been added. New categories of clients have been added, expanding caseloads. In addition our society has become more mobile creating difficult interstate enforcement problems. With the expansion, new Federal regulations have been imposed to dictate how States are to deliver child support services. The program has changed from one designed to assist families and reduce the cost of public assistance programs to one focused on passing audits and avoiding Federal penalties.

In fiscal year 1976, the first year for which statistics are available, there were 100,000 obligated cases and collections totaled $500,000,000 nationally. At the end of fiscal year 1993 the IV–D caseload totaled 17,073,298 cases. Approximately 42,000 caseworkers collected $8.9 billion in child support improving the financial status of families and reducing the cost of the public assistance burden on taxpayers. Conservative estimates place the uncollected child support amounts between $20 and $40 billion. There is a national child support crisis. Child support must be more successfully collected if we as a Nation are to serve the needs of our children.

We are encouraged by the new dialogue to re-invent the child support program. Child support workers must have effective and modern locate and enforcement tools if we are to provide relief to the growing numbers of unsupported children of single parent families. However, meaningful change will not occur without redefining the goals of the program and restructuring the Federal framework to provide leadership and to prevent micromanagement through Federal regulation and oversight.

THE FEDERAL OFFICE OF CHILD SUPPORT ENFORCEMENT

ORGANIZATIONAL STRUCTURE

The Federal Office of Child Support Enforcement (OCSE is within the Department of Health and Human Services (DHHS), Administration for Children and Families (ACF). The Assistant Secretary for ACF also serves as the Director for OCSE. The Deputy Director for OCSE is, therefore, the highest level manager whose duties are exclusively within OCSE.

Under the direct authority of the Deputy Director there are three Divisions: Policy and Planning, Program Operations and Audit. Functionally involved with OCSE, but not under the authority of the Deputy Director are the Division of Child Support Information Systems and ten Regional ACF Offices. At each regional office there are Child Support Program Managers who report to the Regional ACF Directors. These Program Managers monitor the State programs and are considered to be communication links between the States and OCSE.

States must interpret the nuances of Federal laws and regulations in the operation of the State programs. States are asked to direct their requests for interpretations to the regional Program Managers. If those requests are made in writing, they are forwarded to OCSE in Washington and the responses are returned in writing and shared with all of the States. This is a time consuming and cumbersome process.

Regional managers also make independent decisions concerning State plans and interpretations of State implementation of a Federal law or regulation affecting the child support program nationally; yet, they do not report to the OCSE Deputy Director or his policy representatives. Policy and training experts are located in Washington. They can be reached by telephone, fax and computer. Responsive and consistent policy issues could be expedited if State officials could formally have direct access to policy and program experts. The current structure results in inconsistent statements of Federal policy from region to region.

The current Deputy Director comes from a child support background having been a family law judge. As a result, there is new understanding of child support enforcement issues at the Federal level. There is a sincere effort to improve the strained relationship between the Federal agency and the States which has developed since the inception of the program. However, the organizational structure of ACF and OCSE creates a barrier to clear communication and smooth operation.

Any attempt by the OCSE Deputy Director to give direction to the regional managers is awkward at best. How then can Congress hold the OCSE responsible for program development and operation of the child support program?

Recommendation:

The Deputy Director of OCSE should be elevated and should have direct authority over all child support program staff including regional program staff. If there is some concern about housing regional staff in areas geographically removed from their supervisor, they could be housed at OCSE headquarters in Washington. In this era of sophisticated electronic communications, physical presence in the State to whom the regional representative is assigned is not essential. Even now, they are housed in regional offices and the majority of them are not in the States for whom they are the liaison and travel funds are limited. Furthermore, one program manager per State is not economically feasible or justifiable. Efficiencies could me realized by consolidating responsibilities into multiple State areas. Savings could be redirected to finance program managers travel to assigned States. Direct supervision of OCSE field staff by the central program staff would afford program managers direct access to training and policy personnel and enable them to serve more effectively as technical and training liaisons. A direct relationship to program management would cause field representatives to identify more closely with goals and objectives of the child support program.

REGULATIONS AND POLICY

The Federal regulatory process is built on statutes which are adopted by Congress and regulations which are promulgated by the Federal agency to provide more specific instruction on how the laws are to be implemented by the States. Regulations must be consistent with statute. In any challenge that a regulation is beyond the scope of the statute, there is a presumption that the regulation is within the scope of the statute so long as it is consistent with it. This rule allows the Federal agency very broad authority to add requirements to the program that can increase its complexity. Very often, the regulations may even go beyond the intent of Congress if that intent is not clearly stated in the record.

While it is true that specific regulations will promote standardization in the program nationally, the regulations must reasonably accommodate legitimate variations among the States. They should also not be so stringent as to prohibit innovations or mandate inefficiencies. Some obvious examples of these problems can be found in the regulations on the enforcement of parents' obligations to provide medical support for their children. States were directed to establish medical support obligations, but may collect only specific dollar amounts of medical support (i.e. $30 per month). This leaves millions of dollars of medical bills uncollected if a court order provides that the non-custodial parent pay half of all medical bills. If States go to court on a contempt motion for failure to pay medical bills, they are ineligible for FFP for this activity. We do not believe this was the intent of Congress when the child support enforcement program was directed to collect medical support. Likewise, beginning in March of 1993 Federal regulations no longer allow unreimbursed public assistance to be collected. The congressional mandate of child support award guidelines has been interpreted as to no longer allowing recovery of a public debt. Back child support based on guidelines can be collected. This interpretation would

appear to be contrary to one of the goals of the program—to seek recovery of welfare funds.

The other major issue surrounding regulations is the timeliness of issuance. Most final regulations are not published until well after the date set by Congress for implementation of program changes by the States. This means that States must guess at the interpretation of the statute that will be contained in the regulations in order to design and implement programs. If they guess incorrectly, changes may be costly to the State, parents, children and other entities, such as parent's employers, who are affected. The States are currently trying to comply with 1993 OBRA requirements without the benefit of regulations.

Part of the delay in publication of regulations is caused by the multi-level approval process for proposed regulations within the Federal Government. The value of multiple approval must be weighed against the harm to the program and national policy caused by delays in issuing regulations. The best test of proposed regulations is the public comment process. Integration of the best of those comments into the original concepts of the Federal statutes combines the intent of Congress with the practical applications proposed by State officials who are intimately familiar with the real world of program functions. After the OCSE policy staff and the State managers and attorneys have scrutinized proposed regulations, it is doubtful that further examination by multiple layers of governmental entities is worth the price that everyone pays for the delays. States must meet performance timeframes. The Federal Government should meet theirs as well.

During the past year the management of OCSE has indicated their commitment to issuing proposed regulations more timely than in the past and to listen to the concerns of the States when drafting regulations. There should not be bureaucratic barriers that serve no useful purpose that stand in their way.

Recommendation:

The process for writing, approving and publishing Federal regulations should be examined. Any steps which do not provide a clear benefit to a program and national policy should be removed. Regulations should be written in a style and format that is easily read and understood by child support field staff and the general public. Regulations should clearly represent congressional intent in their interpretation of the Federal statutes.

AUDITS

The audits of State programs currently conducted by OCSE use over 130 process oriented criteria to determine whether certain steps are taken on child support cases rather than focusing on whether or not child support was collected. This means that all of the child support which was owed could have been collected by a State, but if each step to reach that goal was not taken within a specified number of days, the State could fail a Federal audit. Steps in the process are certainly important, but they are the means, not the end. State performance should be judged on the outcomes; not the means by which they are reached.

Every 3 years a triennial audit is conducted. Seventy percent of States fail the audit in at least one category the first time. Follow-up audits are conducted after a corrective action period. Many States pass the follow-up audit because they learn to concentrate on the deficiency during the corrective action period. States become good at wining the audit game to continue Federal funding. Collection and enforcement of child support is not improved through this exercise.

This audit process is not only unproductive for the States, but it also consumes approximately 50 percent of the OCSE central staff resources. More efficient audits would be more useful in measuring State performance while, at the same time, freeing OCSE staff to perform supportive functions for the States.

In Arkansas, we have caseworkers who have become masterful in passing Federal program audit criteria. They know how to meet program requirements, but they are not necessarily producing as much in child support collections as they could because of the time consuming case processing they go through to meet audit standards.

In regard to the audit staff's placement in the Federal structure, we have had no negative experiences in relation to the audit staff. We have found them to be fair, equitable and knowledgeable of Federal policy as well as practices utilized in other States. This is partly due to the organizational relationship auditors have with OCSE management and their ability to make field visits to States. We look at the current process audits as a management tool. They are not an evaluation of our effectiveness. An evaluation of effectiveness should be based on measurable outcomes not processes. With new automated systems, quantative measures of effectiveness can be reported accurately on a quarterly basis.

Some 10 years ago, as a new manager of a local child support enforcement unit in Pulaski County, I was faced with a management challenge to get the State's largest unit into State and Federal compliance. During the first year at a time when evaluation, reorganization, hiring and training was critical to the success of rebuilding a program, we were subjected to four audits—a Federal audit, State program audit, A–128 audit and a legislative audit. Several reviews were also conducted by Federal program officials. How did the local unit and our clients benefit from this time consuming experience? The audit simply confirmed our empirical knowledge of the local program. The time consuming audit process took valuable time from our local staff to pull files and answer questions, adversely impacting on personnel busy with locate, establishment and enforcement responsibilities. This duplication of effort and cost of multiple audits is inefficient.

Many States, including Arkansas, conduct their own internal program compliance audits. In Arkansas, the Quality Control Review Unit reviews randomly selected cases for program compliance annually. In addition to case file reviews, interviews are conducted with the management and field staff in each office to ascertain the need for training and equipment. Any office failing to meet program standards in at least 75 percent of the cases reviewed must submit a corrective action plan detailing the actions that will be taken to bring the office into full compliance. After the plan is approved and implemented, the office is audited again in 9 months from the date of approval. This mini audit is modeled after current Federal audit criteria. The reviews provide more current information than the triennial Federal audit. Our reviewers are also more critical than Federal auditors because we use the information as a management tool. The reviews are available to Federal program staff and auditors. We believe this State review procedure could be used to eliminate much of the audit duplication.

Recommendation:

The State child support directors in conjunction with the Association of Public Welfare Administrators (APWA) and the National Governors' Association (NGA), recommend a child support enforcement program audit which measures performance outcomes in six areas: paternity establishment, order establishment, collections of current support, collections of arrears, enrollment of children in parents' health insurance and distribution of collections. Annually, measurable goals should be established for each State to move State performance toward the desired outcomes. Also, a commission, on which audit and child support program experts serve, should be established to develop new regulations for such an audit.

Once the new audit regulations for measuring performance outcomes are adopted, process audits should be conducted only if a State fails the outcome audit. A process audit in this context could then serve as a diagnostic tool to determine the deficiencies that cause the failure in performance and provide guidance for corrective action.

FUNDING

Child support enforcement is one of the few Federal programs which was created with principles of quality management incorporated. The Federal funding structure of the program provides incentives to produce collections. However, caseload growth, Federal regulations and audit requirements have moved the program away from these principles. Currently, child support programs are funded at 66 percent for general operations, 90 percent for paternity genetic testing activities and 90 percent for approved data system improvements. In addition, States can earn incentives based on the collections, 6 percent on AFDC collections and 115 percent of the AFDC incentive total for non-AFDC collections. Each State also keeps a share of retained AFDC collections. As the Federal Funds Participation (FFP) for the program decreased, non-AFDC cases were mandated. Increased caseload growth due to Federal mandates and a growing need for child support enforcement services at the time federal funding levels were decreasing overloaded State child support program resources. Congress can equip a State or Federal child support system with new laws and mechanisms to collect child support. All are meaningless without adequate financial resources.

We have long recommended an elimination of the non-AFDC cap for payment of incentives because of the expanded role the program has been asked to play. Mandated medicaid cases dramatically increased child support caseloads. Since medicaid cases are accounted for as non-AFDC cases for the purposes of incentive, the non-AFDC cap of 115 percent of AFDC collections limit incentives that can be earned on these federally mandated cases. A change in this Federal regulation alone could provide additional funding to significantly improve State child support programs.

States such as Arkansas, Tennessee and others have creatively financed their State programs through use of earned incentives and the State's retained share of AFDC collections. These States would fare better under the existing funding formula rather than through a single increased FFP rate, particularly if pre and post AFDC arrearages are directed to the custodial parent. Loss of this portion of the State's share of AFDC collections will adversely affect roughly half the States. However, one must agree self-sufficiency of the custodial parent is a desirable goal and may well be worth the loss of revenues if sufficient funding can be provided to improve the program.

States which have good child support programs have adequate funding now. Those States with large numbers of non-AFDC cases do not fare well, particularly if they earn little in incentives. If there is a national need to redistribute funding among States to improve the program nationwide, as suggested in a number of bills before Congress, we would recommend the funding in the Administration's proposed "Work and Responsibility" legislation. State child support directors have worked closely with the drafters of the bill to ensure funding for all cases because of new responsibility for universal child support caseloads proposed in the legislation. We endorse the concept of offering financial incentives for locating absent parents, establishing paternity and collecting child support. These are the goals which should be measured and evaluated and these are our clients' measure of our success. We must retain financial incentives if we are to have a quality child support program. We also urge maintaining fees for non-AFDC services and ask that monies earned by States be reinvested into the child support enforcement program.

There are a number of locate, enforcement and administrative remedies proposed in bills currently before Congress that are endorsed by child support administrators. They address areas where State programs need Federal legislation to provide uniformity between States and to provide program direction.

Financial Penalties—The current financial penalty system makes little sense. The reason most child support programs fail to do a good job is lack of resources. Under the current financial and audit structure, States with inadequate resources fail audits and then have financial penalties levied against them so they have even fewer resources. We recommend a positive financial incentive structure to move States toward a national goal of providing quality child support services.

UIFSA—The most difficult child support case to work is the case where the parties reside in two different States. In March of 1993, Arkansas became the first State to enact the Uniform Interstate Family Support Act (UIFSA). Since that time, nineteen (19) other States have enacted UIFSA. This new interstate child support law provides a more efficient means of interstate enforcement which result in collection of support with fewer delays than experienced in the past. A mandate for verbatim passage of UIFSA by a date certain will close the gap that accounts for a large portion of uncollected support obligations. Verbatim enactment is necessary to ensure direct interstate wage withholding among States.

Recovery of Medicaid—Medicaid costs are growing at a phenomenal rate in every State. The Federal Government offers a 15 percent collection incentive for recovery of medicaid funds to political subdivisions which have cooperative agreements with the State to collect child support and seek medicaid reimbursement as part of their function. These incentives are not offered to state IV–D programs even though recovery of medicaid funds would be desirable. Child Support attorneys go to court daily on child support cases in which medicaid reimbursement could be addressed. Arkansas has tried for 2 years to obtain the necessary waivers to develop and implement a medicaid recovery program. The State's cost of maintaining such a program would be offset by the 15 percent in incentives earned on collections and the Federal Government would be reimbursed for its share of recovered medicaid funds. A mandate to implement medicaid reimbursement as a part of the child support enforcement activity, with incentives paid to States based on medicaid collections, would cost effectively reduce the burden on the taxpayers for the cost of providing medical services to medicaid families.

Administrative Process—non-welfare cases increased by 200 percent from 1985 to 1992. At the same time AFDC referrals grew by 21 percent for the same period. As IV–D caseloads increase so does the burden on the already overloaded State court dockets. Federal legislation calling for an administrative process to establish paternity and support is needed. Reduction in cost and time required to affect child support collections through administrative process would be in the public interest and free courts to hear other issues.

In-Hospital Paternity Acknowledgement—Arkansas has successfully implemented an in-hospital based paternity acknowledgement program statewide. Since the program was fully implemented in early 1994, over 1,800 acknowledgements have been signed by parents who want to acknowledge the paternity of their children soon after birth. Many of these parents do not want to come into the child support office to complete the process of establishing a legal father for their children. Their reasons are varied and range from fear of the court system or non-custodial parent to a desire not to obligate the father in a formal court order. Federal legislation that would require States to have laws that would create a conclusive presumption of paternity based on the signed paternity acknowledgement would alleviate this problem. Every child should have two legally recognized parents.

Central Registry/Central Collections—A central registry of child support orders is needed to avoid duplication, and enforcement in our mobile society. Enhanced data systems should contain an abstract of all child support orders. This information would be shared with other States via a national registry. All child support payments should be paid through the central registry to assist employers who withhold child support payments and to distribute child support collections effectively by electronic transfer of funds to both in-state and out-of-state clients. This process is in keeping with the immediate income withholding provision previously adopted by Congress. All cases should be included for collection and monitoring of child support payments and the activity should be eligible for FFP.

New Hire Reporting—Employer reporting of newly hired employees has proven to be effective in locating absent parents who hop from one job to another. However, some State legislators are reluctant to embrace new hire reporting due to opposition from other federally funded State agencies. For uniformity the method and responsible agency should be specified by Federal legislation. Federal legislation requiring new hire reporting is, perhaps, the most effective locate tool Congress could provide State child support agencies.

Revocation of Professional and Technical Licenses—Many non-custodial parents are independent wage earners who are not subject to wage withholding and overcrowded jails are little deterrent to non-paying absent parents. Alternative enforcement tools must be available for flagrant non-payers of child support. Those that oppose revocation of professional and technical licenses are sending a message that only salaried individuals are required to pay child support. Self-employed individuals are among our most difficult cases. Arkansas passed a professional and technical license revocation bill during the last session of our General Assembly. It is too early to evaluate effectiveness, but the provision has already motivated delinquent non-custodial parents to enter into agreements to settle their child support debts.

Revocation of Commercial Drivers License—Maine has had success in revocation of drivers licenses for failure to pay child support debts. Arkansas chose to revoke commercial drivers licenses if the non-custodial parent is 6 months in arrears. This enforcement remedy was enacted to enforce child support orders of self-employed truck drivers. Revocation of the commercial license is useful when the non-custodial parent is difficult to serve. Revocation of commercial drivers licenses are broadcast nationwide, making this procedure an interstate enforcement remedy. We urge Congress to require revocation of drivers licenses for failure to pay child support. This provision has proven to be effective in states that have such provisions.

Mandate to Federal Agencies—The IV–D agency is mandated to interface with multiple Federal and State agencies. When we attempt to follow IV–D regulations to interface with other agencies, we frequently fail in our attempt because Federal agencies and their State counterparts cling to regulatory isolationism. There are differing levels of cooperation from one Federal region to another as well. We urge Congress to require all Federal agencies and federally funded State agencies to cooperate with child support enforcement in locate, establishment and enforcement activities.

Demonstration Grants and Studies—The States have been innovative in developing the new locate and enforcement tools. States play a large role in testing the success of new approaches in the child support enforcement field. We urge Congress to authorize demonstration grants in the areas of child support assurance, custody and visitation. We, also, urge the appointment of a national guidelines commission to study and make recommendations to Congress regarding

national mandatory child support award guidelines. These are issues for future consideration. Additional data would be helpful before the debate begins.

In closing, I express my appreciation to the Committee for your interest in improving the operation of the child support enforcement program. The present child support enforcement system is inadequate to meet the needs of our children who deserve to be financially and emotionally supported by two parents. We ask that Congress clearly define the child support mission and ask that you ensure adequate funding, training and audit reform to make the system work on behalf of our Nation's children.

Senator PRYOR. Thank you very much for your testimony. I will have a few questions in a moment, Judy.

Now, Ms. Addison, we appreciate your being here this morning.

TESTIMONY OF PAT ADDISON, PROGRAM SPECIALIST, DIVISION OF CHILD SUPPORT OF ENFORCEMENT, COMMONWEALTH OF VIRGINIA

Ms. ADDISON. Thank you for the opportunity of talking today about the child support enforcement program. Across the country, there are thousands of hard-working, diligent, and dedicated child support staff. I hope that the members of Congress can find ways to help those workers help even more families. One way to do that is very fundamental. We need help in reducing the number of cases assigned per worker.

In Virginia, we figured out that we have 1,000 cases per worker, and that allows a worker to spend about 98 minutes a year per case, which works out to——

Senator PRYOR. About how many minutes a year?

Ms. ADDISON. 98 minutes, sir. It works out to about 8 minutes a month. Even the most basic case actions require at least that amount of time, and most of them need ongoing attention. Custodial parents need help with medical expenses. Non-custodial parents change jobs.

Child support workers are often frustrated because they can't work their cases like those cases need to be worked. They have the expertise, they have the initiative and certainly the motivation to do that. They understand their missions, they know the right steps to take. All they need is some more resources. We could establish paternity on behalf of more children, help more families get off welfare, and keep more families off of welfare altogether. A mandate or incentive for an acceptable ratio of workers to cases in all States would be very beneficial.

Another way to help is to revamp the way case compliance with Federal requirements is measured. Sometimes, it seems we focus more on the process rather than the result. Compliance should ensure that some basic steps have been taken on cases, but should focus more on the actual achievement of positive results for the customer. Delivering quality services to our customers matters. Getting families the support they are entitled to matters, not whether we have produced a certain piece of paper on the right day to pass an audit.

Another important change would be a change to the Federal tax offset program handled by the IRS. Presently, debts owed to non-welfare customers who don't have a child under 18 in the household are not able to be certified. This excludes thousands of cases from an effective automated enforcement remedy.

We have custodial parents who are owed back child support amounts like $17,000 that we can't certify. If we could certify, we could get money on a consistent basis for those people. Just because there is not still a young child in the household doesn't mean that the money is not needed. Many custodial parents go into deep debt trying to support their young children when they are not receiving current support.

In addition, we can only certify to IRS once a year, so if a noncustodial parent falls behind in his child support after that point or if a custodial parent applies for services after that period of time, we can't certify until the next year. The next year is a long time to wait when your child needs a new winter coat or even wants just to go on a field trip with the rest of the class. Changing these things would allow us to use the offset program to its fullest potential.

The Uniform Interstate Family Support Act, UIFSA, is certainly a step in the right direction, but already a few States have passed it without the direct income withholding provisions. This translates into additional delays in getting much needed support to families. If an act is supposed to be uniform, perhaps a way could be found to actually make it be uniform.

Virginia has initiated many, many new programs very successfully and one of the most successful has been a mandate that all employers report their new hires to our employment commission within 35 days of hire. Previously, the information our employment commission had from employers was anywhere from one to two quarters behind, which means at least 6 months old. This caused a lot of delays in being able to locate employers. We have been able to implement wage withholdings much more quickly. Mandated employer reporting could allow all States the success that we have had and would enhance the effect of UIFSA.

On-line access to existing data bases of State and Federal information would make a big difference in the success of child support programs. Networks among States, such as the electronic parent locate network in Virginia and the southeastern States, have already provided positive results in locate and collection efforts.

If we had on-line access to the available information of the various States and the Federal Government, including certain IRS data, information could be obtained immediately with minimal paperwork. We would be able to work more efficiently on more cases. We could help more children. Additional changes such as changing the exclusion of certain kinds of income from attachment and reducing backlogs in the court systems would also be a big benefit.

Lastly, public awareness and education, and partnerships at the local, State and Federal level with other service agencies such as health departments and the private sector are vital to promoting the self-sufficiency of families and improving the quality of life for children. I hope that you will consider the changes I have outlined to allow us to serve our customers better.

[The prepared statement of Ms. Addison follows:]

PREPARED STATEMENT OF PAT ADDISON

Thank you for providing me with the opportunity to share ideas and concerns of child support workers. While my experience is in the Virginia child support program, I believe that much of what I will share with you is relevant to child support

workers across the country. I have been part of the child support program for almost 9 years. My present position is that of a Program Specialist in the Central Office, offering assistance to field staff and customers and seeking ways to improve services. Previously, I helped to establish the Customer Services Unit in Virginia's Division of Child Support Enforcement and worked in various capacities in that area. I have also worked in two District Offices providing direct services to customers as well as in the Locate Unit at the Central Office. Many positive changes have taken place in the time I have been a part of this important program but many more changes are needed. Often it seems that good ideas and important innovations cannot be implemented quickly enough to address identified problems. Perhaps you can help to expedite changes that will benefit children and families and encourage innovation.

When I refer to a case, I hope that you will keep in mind that each case involves at least three people: the custodial parent, the non-custodial parent, and the child. A life span of a case may end with the child's attaining majority (an age which varies among states) and/or graduating high school but most likely continues because past-due child support remains unpaid well after the child is grown. During that lifespan, a case could involve dozens of employers, several private attorneys, court staff, financial institutions, welfare eligibility workers, even interested public officials. Also, please consider that custody changes, the financial ability of a parent to support changes, people move within a State and outside of it and may have multiple support orders with varying arrearage amounts, people need verification of the support they receive or pay for loans, for rent assistance, for tax purposes, and related legal proceedings.

You have probably heard from some of your constituents that they are not satisfied with the services they receive from child support agencies. I want you to know that the vast majority of child support workers are not satisfied with the level of service they can provide. They are truly overwhelmed with caseloads that are so large as to be unmanageable. In Virginia, we continue to work to improve the number of staff to cases, but even so our current caseload assignment per worker is 1000 cases and growing all the time. With this large number of cases and the available workhours in a year, if a worker was actually able to look at each case and devote time to it the total available time would only be 98 minutes a year which works out to 8 minutes a month per case. Eight minutes is easily taken up by one phone call, one document, sometimes even just getting your hands on a case file. It is difficult to keep a commitment you make to a customer, even to return a call, when you are faced with a large number of tasks, constant phone inquiries, mountains of correspondence, and almost everything is a priority because it involves someone's money and children. Customers are also waiting in the lobby. Workers can rarely predict how the day will go or accomplish what they planned to, no matter how good their intentions are.

So how do caseworkers decide which case to work at any given time point? Usually they are customer driven . . . calls and letters from custodial and non-custodial parents, status requests from other States, notices from employers, copies of court orders, appeals of administrative actions, genetic test results, a request for verification of payments, etc. Workers try to maintain tickler systems: a child has reached emancipation and a wage deduction order needs to be modified, has Ms. X returned her financial statement needed to process her request for an increase in support, need to call State Y's Prosecuting Attorney about the Doe case and she can only receive incoming calls between 2:00 and 4:00, need to follow-up on a possible bank account for Mr. G, etc.

Workers must also take actions for Federal audit requirements that often gain no results for a custodial parent such as updating the amount of a property lien even when there is no indication of property just to maintain a case in compliance with Federal audit criteria. By the same token, a letter to a non-custodial parent whose employment cannot be determined to come in to the office in an effort to elicit some payments is not a specified step that a worker can be credited for in case compliance—yet such a contact can produce results, Unfortunately, our workers rarely have time for non-standard actions like that. One of the changes that would be most helpful from the Federal level would be a very basic Federal compliance procedure that would ensure some action but not be so intrusive or paper producing to take away the focus on positive results, however they came about. Initiative and creativity in problem-solving are attributes of any good case worker in a child support program—we should emphasize and evaluate on this and not whether a piece of paper was produced to ensure our State's cases pass an audit.

I would also urge you to consider mandating a ratio of cases per worker or to at least offer incentives to states that maintain a more manageable ratio. The associated costs of more staff will be far outweighed by the results they can achieve, both

in collecting public assistance debt to reimburse the State and Federal Governments and monies for those families who are not receiving any form of public assistance, trying to remain self-sufficient.

Customer satisfaction is a multi-faceted effort in child support. Our customers include two parties who have decidedly different views in many instances. Keeping one customer satisfied almost always means making another one unhappy. Our focus is broad—we do not have the time or resources to work exactly as a collection agency and we must always be cognizant of the needs of our customers. We may have to attach a non-custodial parent's bank account this month and help reduce the amount of the support obligation he or she owes 2 months from now because of the responsibility for another child. In fact, the non-custodial parent today can be the custodial parent tomorrow.

For many customers, child support is an emotional issue as much as a financial one. Often the anger and frustration of the two parties toward each other is vented on the child support worker. Workers are also faced with an age-old problem—people do not always tell the truth. A custodial parent indicates to us that a non-custodial parent has not paid support for years, The non-custodial parent may have cancelled checks proving payments. A non-custodial parent may tell the custodial parent that a support payment has been sent on behalf of the child to our agency, when in fact no payment has been sent. As you can well imagine the resolution of such issues can take a great deal of time and energy of caseworkers.

A number of changes at the Federal level would promote program effectiveness and help to achieve quality customer services. One of the best enforcement remedies we have is the Federal tax offset program, in which we are able to certify debts and collect through the interception of a non-custodial parent's tax refund. This is the only means of collection in some cases. For others, the interception of refunds provides the only significant dent in large arrearages. For instance, a NCP owes over $7000 in past due child support. We are able to initiate a wage withholding, however he does not make enough for us to be able to collect more than $10.00 a week toward the arrears in addition to the current support obligation. The Federal tax offset program provides the custodial parent in this case with a lump sum payment of just over $600. Unfortunately a group of cases is excluded from the Federal tax offset program—these are non-public assistance cases in which all the dependent children are over 18 but which have arrears owed. This exclusion means more worker intervention and less support for families. It prolongs the active status of a case because the debt is collected in smaller amounts over a longer period of time, if it is collected at all. One custodial parent who resides in our State is owed in excess of $17,000 in medical expenses the non-custodial parent was ordered to pay a portion of. The non-custodial parent resides in another State. At first that State would not assist us collecting the monies because its policy did not include the collection of medical expenses. Then when the policy changed, the other State did not want to initiate court action because the non-custodial parent was paying current support. After the current support obligation ceased we submitted another formal interstate petition, which has been pending in that State for 18 months. Continuance after continuance has been granted the non-custodial parent's attorney. The money has been due and owing for more than 10 years. We have devoted hours upon hours in preparing documentation and attempting to get status reports and action. If we could certify this debt, we could quite possibly collect on this on a yearly basis. Please consider that a custodial parent often has to work two jobs just to provide basic necessities for the child or children. Over the years, a custodial parent has incurred debts and is hounded by creditors. Just because a child is over 18 does not mean that the lack of support is no longer a problem. It does mean that we can't use one of our most effective remedies to collect the money that's owed.

I would also urge you to consider allowing certification more than once a year. If a custodial parent with an existing order and existing arrears applies for child support services in October, we cannot certify the debt until next September. This is because we can only submit cases for certification during that time. We can make deletions but no additions. Meanwhile, a custodial parent and child often do without any support. A second certification window or ongoing certification would seem justified when we consider the well-being of a child.

Imagine that you have a cutoff notice from the power company—you didn't pay the bill because you chose to buy food instead. The non-custodial parent has disappeared again. You work and your income is too much for you to be eligible for public assistance—you have avoided living in subsidized housing because you don't want your children exposed to the crime and drug problems that are rampant there. You hate to turn to the government for help but there's no way you can afford a lawyer . . . one of your friends tells you about the child support agency and that it can take tax refunds for past-due support. You come to me as a child support

worker for help—you apply for services. You're borrowing the money from a relative to pay the electric bill. When can you hope to collect some of the $4,000 owed to you? You know the non-custodial parent worked the first few months of this year and usually gets a refund. You're feeling a little hopeful. But it's October and I have to tell that we can't certify a Federal tax refund now. Neither one of us likes it, but that's the way it is.

The IRS Full Collection process has great potential. However, presently, a case referred for this action can remain in an IRS field agent's caseload for up to 10 years. Perhaps the IRS could give priority to child support cases that are referred through for Full Collection.

One of the most significant changes in Virginia has been the implementation of employer reporting of new hires in July 1993. The reporting of new hires within 35 days of employment gives a worker quicker and better information to institute or reinstitute a wage withholding. Prior to this requirement, our employment services agency was only able to provide data that was two quarters behind. The frequency of job changes, especially among those individuals who are deliberately trying to evade their financial obligations, made tracking down non-custodial parents employment a constant need and a time-consuming and often futile process. Some of the non-custodial parents figured out early on that a job change every 6 months could effectively negate our ability to deduct the child support they owed from their wages. If such a reporting requirement was mandated in all States collections would increase, workers could devote their attention to other aspects of enforcement and the quality of life for children across the country would improve and could be maintained with some consistency. Consider the plight of the custodial parent in a case in which the non custodial parent in another State leaves one job for a new unknown employer just before school starts and there is no money for supplies, a coat, shoes, after school day care . . . what happens to this child today, tomorrow . . . It can take months to locate the non-custodial parent's employer.

Such mandated employer reporting would serve to further the intent of the Uniform Interstate Family Support Act's direct income withholding provision and could be incorporated into the planned shared data base of the CSNET network.

One of the most basic changes that would be very helpful is for the Federal Government to ensure that an intended uniform act actually is implemented that way. Already with UIFSA a number of States have adopted the act without the direct income withholding provision. States sometimes went that same route with URISA: it's uniform except in this State you do it one way and in that State you do it another way. This is time-consuming and inefficient from the worker and customer perspectives. Keeping up with requirements is challenging enough, but trying to keep up with 50 variations is almost impossible. Could we all agree that when it comes to our children uniformity is worth a few compromises? Could the Federal Government help the States to agree to this?

Incentives for expedited implementation of automation among the various States would serve everyone well. We are, for the most part, dealing with a 20th century problem with 19th century technology. The technological resources that have served this country so well in defense, health, and science and throughout the private sector could serve equally well in ensuring that children have the opportunities and security afforded by the support of both parents.

On-line access to the Federal data base of locate data and more timely addition of data to it would also be a big plus. The more current the information the more likely that we will be able to act on it successfully. The location of individuals remains one of the biggest challenges to child support workers. The Federal Parent Locate Service and the planned Child Support Network should be made available to all States on-line as soon as possible. In addition, groups of States, including Virgina have been a part of regional locate networks with success. In the Southeast, the network is called the Electronic Parent Locate Network. With a population that moves frequently such shared databases are critical. More timely access to IRS data through automated interfaces is also critical, without the need to verify the information before using it since the IRS tends to have very reliable information. Such automation and on-line access will allow more efficient utilization of data that already exists. We need to get the information to the workers who need it to perform effectively.

Limitations on the attachment of certain sources of income need to be changed, even if only to attach a percentage as opposed to the full obligation. Veterans' benefits may be the only attachable assets for the collection of child support. Monies that are income, as opposed to assistance to the needy such as General Relief or disability social security, should not be exempt.

The establishment of paternity, the first important step in ensuring a child receives adequate support, is sometimes made difficult when a member of the military

is serving overseas. When a father is unwilling to acknowledge paternity, a genetic test of a blood sample is necessary. Unfortunately, a member of the military cannot be compelled to provide such a blood sample because it is viewed as possibly incriminating. Thus, a child must sometimes live for years without knowing who his father is and of course because no obligation can be established without paternity, without support. I ask that you review this policy in consideration of a child's best interests.

In addition, one of the major obstacles encountered in all States is the backlog in the court system. After the location of a non-custodial parent and proper service, it can still take from 3 months to a year to actually have a case heard in court in many jurisdictions. This is a long time for a child to go without support. While I appreciate the complexity of this problem, I hope that through incentives or mandates, more courts can be funded or more expedited administrative processes can be implemented to avoid the need for court action.

Finally, I would suggest that public awareness and education are important tools in the effort to make all parents financially responsible for their children. Partnerships with other service agencies as well as the private sector can make a critical difference. Education and outreach can be done through our school systems and health departments. Public service advertisements can serve as reminders for those who have neglected their obligations and serve as a caution for our young people as they consider parenthood. Working in the child support program encourages a real appreciation for the importance of preserving families and reducing teen-age pregnancies. Our business is booming and we don't want it to be. The commitment of public officials such as yourselves to the child support program can improve efficiency and availability of resources, strengthen the resolve of this country's child support workers in their difficult tasks, and give much-needed hope to hundreds of thousands of parents and children.

Senator PRYOR. Thank you very much, Ms. Addison. I imagine that the State of Virginia has many of the same challenges that we have in the State of Arkansas. Tell me, if you would, just one or two areas where you think that the Federal system could be improved? For example, in talking with Ms. Jordan yesterday informally, I understand that the regional offices are not very supportive of you as you handle the actual caseloads. What can we do about that particular problem?

Ms. ADDISON. Personally, I don't often turn to the regional office for assistance, but I think that if we had a resource center that was available to workers without going through different layers of the agencies—if they could pick up the phone and call and say, I need help with this problem, what can I do, that might be an advantage and better utilize the regional office's resources.

Senator PRYOR. What about you, Ms. Jordan, on that?

Ms. JORDAN. Well, I agree with that. It is a very convoluted process right now because the regional representatives don't report to the Office of Child Support, so they have to go through their supervisor to the regional manager for children and families, and then a policy question goes to Ms. Bane's office, goes to Judge Ross, and down to our policy people.

Senator PRYOR. How long does that take?

Ms. JORDAN. It takes a good while. It takes several weeks, and so what happens is that informal processes take place, and we very carefully don't hurt anyone's feelings, but we call directly to another office and we get the answer. The structure needs to be changed so that the program representatives are directly responsible to the Office of Child Support and that they provide technical assistance and training. They don't have access to the policy people and training people directly, and if they did then they could offer us this needed assistance.

Senator PRYOR. Well, now, in this process of evaluating or re-evaluating the mission here of the Washington office and maybe the regional offices, are you allowed, each of you, to have input into this change that is hopefully going to take place?

Ms. JORDAN. We have been having a great deal of input in the last year. We have been very encouraged by it. Mr. Henry from Virginia and I have been working with other IV–D directors and with the administration. But as I said, I think these structural problems are going to have to be changed. We have to have a different direction if the tools that are being talked about are going to be effective.

Senator PRYOR. Now, what about the IRS? Tell me what sort of a partner they are in this whole operation. Are they a silent partner, or where are they?

Ms. JORDAN. It is kind of like we have all read each other's testimony before we came up here. We are all saying the same thing, so I think we have diagnosed our problem pretty well. The IRS is very helpful in the tax offset process in that we collect a lot of money through tax offset. Some changes could be made in that process that could make it even more effective.

I was interested in the comments about locate. Actually, the information we get from the IRS on locate and from FPLS is primarily old information. By the time we get the information, it has changed and we find out it is a bad address. So we are not getting good information from the Federal Government in terms of locate. The other thing is the Internal Revenue Service has a full collection process that has very stringent guidelines in collecting, like a tax obligation, child support.

We are participating in a pilot project. We have 32 cases that we have sent to the IRS on the pilot project, and out of those 32 cases we have collected, in one case, $300. In the second case, we found a dead man and we were able to close the case. So, we are a little dubious of how well the IRS would do in collecting child support.

I think the GAO has also pointed out that on delinquent non-filers the IRS doesn't do a very good job, and these are the same people that we are trying to find to pay child support. So I think, really, the change in the structure and the tools is what we are looking for. We don't necessarily need to go to a different agency, but it would be helpful if the Federal Government could work with us in developing new tools of locate information and in technical advice and training.

Senator PRYOR. By the way, is locate a division of the IRS.

Ms. JORDAN. No. We just simply have access to tax information and we get information on people that file their taxes.

Senator PRYOR. I see.

Ms. JORDAN. We get those most recent filed addresses from the IRS.

Senator PRYOR. All right. Let's talk about the employment security divisions out there. Do you work with them? Are they a partner in this whole process in any way?

Ms. ADDISON. Definitely, especially with our employer reporting of new hires. The information is reported directly to them. We also are able to intercept unemployment benefits and we work closely with the employment commission in doing that.

Ms. JORDAN. We also intercept unemployment benefits and work with our employment security division. There is sometimes reluctance across the country of employment security agencies in working with us to divulge information or go against Federal guidelines because they might conflict with what they are told to do.

This whole area is one which the Federal Government could help us with. We are mandated to interface with various agencies and we are penalized financially if we don't interface with those agencies. What we don't have is other Federal agencies mandated to participate with us; so there is no consequence if they want to drag their feet or they don't want to participate in an interface process. So, there needs to be some mandate to the other agencies to participate with us and disclose information.

As an employer, the Federal Government is not as good as the States in providing information and assisting in getting income withholding started. And, we very desperately need the Federal Government to be directed to be a good employer and work with the child support enforcement agencies.

Senator PRYOR. Now, in your written testimony you stated that you had sought a waiver, I believe, to develop a Medicaid recovery program. I don't understand that. What is this?

Ms. JORDAN. In child support enforcement, as far as medical support enforcement is concerned, we are able to go to court and collect only specific dollar amounts. We cannot collect those amounts which are ordered to pay half of all medical bills and we cannot collect any kind of Medicaid reimbursement which would be advantageous to the Federal Government without a waiver from the Medicaid program and signed agreements.

If we have a cooperative agreement with a county government that can collect child support and has a cooperative agreement with the State to collect Medicaid, the local government entity can earn 15 percent on its collections, but the State is prohibited from doing that. There is no way for the State to have some kind of latitude in earning some kind of funds in order to pick up additional Medicaid reimbursement responsibilities.

We have attorneys in court every day in local jurisdictions that are addressing child support matters. It would be more efficient if in some way we could collect medical support and reimburse Medicaid those dollars. The Federal Government would get its share and then it would be much more cost-effective than the process we are going through now. But to get through the Federal Government to the proper agencies to get a waiver for this type of exception has been very difficult.

Senator PRYOR. Ms. Addison, you have made reference, I think, along with Ms. Jordan, about the audit process and you have talked about only 8 minutes per month per case that each case worker is allowed to give to each case because of the tremendous number. Now, do the audits come on top of that? How much time does that take someone like you and your field staff to deal with the audits and supply the information for the Washington office?

Ms. ADDISON. It does take time to pull the case files, and then any corrective action that has to be taken as a result of the audit also takes time, and sometimes it really is not results-oriented, but

it is necessary to do. We also do some internal audits to prepare ourselves for the Federal audit which takes additional time as well.

Senator PRYOR. Well, this has been very fascinating testimony. I was just looking at sort of a profile of our own State. In 1980, 10 percent of the births in our State were to single teenagers. In 1990, 10 years later, 12 percent of the births were to single teens. One-third today of all the live births in our State are to unmarried mothers, and I think the National average is about 26 percent. They say in a few years it is going to be 50 percent, so we are really seeing some escalating problems in our whole society structure and I just think we have got to deal with these and we have got to deal with them now.

We are very, very appreciative of what you have had to say. I may leave the hearing record open a few days in order to submit some written questions. We might have some follow-on questions for you. We are very deeply appreciative to both of you.

Before we call our final panel, we are going to take a 5-minute break.

[Recess.]

Senator PRYOR. All right, ladies and gentlemen. Let's call our last panel this morning: Nancy Ebb from the Children's Defense Fund, certainly no stranger here in the halls of Congress. We appreciate very much your coming, Ms. Ebb. Joseph Delfico, Director of Income Security Issues, U.S. General Accounting Service, Health, Education and Human Services Division, is our good representative this morning from the GAO, which is preparing a report for us. We are going to talk about that report in a few moments. We are very appreciative of your coming, both of you.

Ms. Ebb, we would like to hear from you now. You may read your statement or you may ad lib your remarks, however you would like to do it.

TESTIMONY OF NANCY EBB, SENIOR STAFF ATTORNEY, CHILDREN'S DEFENSE FUND

Ms. EBB. Thank you. We have written testimony we would like to submit for the record.

Senator PRYOR. It will be printed in the record.

Ms. EBB. We appreciate the opportunity to appear before you today to talk about the vital issue of child support. The failure to pay child support is a problem in every State. Indeed, as your chart indicates, as a country we are more faithful about paying for our cars than paying for our children.

Earlier in the hearing, we talked about cost-shifting when child support is not paid. Not only do the taxpayers pay when parents don't, but children pay when parents do not. One survey of 300 families found, for example, that during the first year after the non-custodial parent left the home, more than half the families faced a serious housing crisis. Over a third reported that children went without appropriate clothing, such as a winter coat.

For many of these children, life is a constant struggle. One teenage girl living with a single parent described it this way: "my mom has been working at a full-time job that barely pays the minimum

wage. She struggles every day just to provide us with the bare essentials. We hardly get to see her, so instead of losing just one parent, we lost two."

How adequately are we helping children like these? The Children's Defense Fund surveyed data reported by State child support agencies to the Federal Government to measure how child support is working for children. Our survey etches in stark relief the need for bold reform. State agencies, as you heard from Virginia, are swamped by huge caseload increases, most notably in the number of non-welfare families asking for help.

From 1983 to 1992, the non-welfare caseload nearly quadrupled. State resources across the country barely kept pace with this increase and the caseload each worker had to serve worsened. These were ominous developments, since the bottom line in child support is, in general, you get what you pay for. Investments in child support correlate with higher percentages of cases that have any child support collected.

Our report's findings about State investments underline the fundamental need to ensure that each State has staffing standards so that caseloads are manageable and children don't fall through the cracks. Even the best, most dedicated, most caring worker can't do the job with 1,000 cases to work, and that is typical in many parts of the country.

States made some progress from 1983 to 1992, most notably in improving paternity establishment. That reflects in large part Federal mandates that States look at paternity establishment. It indicates that Federal reforms and State model programming such as Virginia has undertaken can make a difference, and it underscores the importance of continuing Federal efforts in this area to improve outreach to talk to parents about the importance of paternity and to streamline the process. This can make a significant difference.

Similarly, a number of States improved their record in locating non-custodial parents. Most notably, Washington State improved from 20th in the country in 1983 to 3rd in 1992 by creating a new-hire reporting system similar to that proposed on a national basis in the administration's child support reform proposal.

But, overall, progress is devastatingly slow. As your chart indicates, there has been little significant increase between 1983 and 1992 in the percentage of cases that have any child support collected in a year. At the current rate of progress, it will take 180 years, 10 generations of children, before we can ensure that each case served by a State has at least some child support collected in a year.

Our system is failing to deliver on its most basic promise that child support should be a regular, reliable source of income that helps put food on the table and a roof over a child's head. Fundamental reform is necessary to make child support deliver on this promise.

We believe, in the long run, this reform must include child support assurance coupled with aggressive, improved enforcement of support. Child support assurance protects children in single-parent families by ensuring they receive a minimum level of child support

from their non-custodial parent. If the parent doesn't pay that support despite the best effort of the family to aid in collections, government provides a minimum assured benefit and pursues the non-custodial parent for reimbursement.

This is a very pro-work concept. It tells the custodial parent that he or she can rely on child support to provide part of the income that the family needs, and that it can be coupled with at least part-time work to give the family a stable base so a child can thrive and a parent has a viable alternative to welfare. We believe it is an essential component of a welfare reform strategy that emphasizes work and parent responsibility.

We also believe that child support assurance must be coupled with aggressive efforts to improve child support enforcement, both to keep government costs down and to underscore the message that every child deserves the support of both parents. We do believe that in the long run enforcement should be centralized in a Federal agency such as the Internal Revenue Service.

Using the tax system to collect support sends a powerful message that paying your support is as fundamental a civic duty as paying your taxes. It builds on the successful experience that IRS has had in using the tax intercept system to collect back child support, one of the most successful collection tools we now have in our child support tool box, and it frees up State resources to do what they do best, we think, establishing paternity and establishing support obligations.

While there is debate about whether we are ready to change the Federal role and to take this important step now, we think the time is right and that waiting another 10 generations of children for this kind of reform is just plain too long to wait.

If we are not ready to take that step, though, at a minimum we need child support assurance demonstration programs, such as those included in the administration's proposal and the more expansive ones proposed by Senators Rockefeller and Dodd; they would have a larger number of them. We believe that is important to test out the viability of this concept, to demonstrate that it can be successful, and to show us the way if we want to move toward a more universal child support assurance program later.

We also believe that reforms have to be made in the Federal-State system, and we outline many of those in our written testimony. We think the administration's proposal is a very strong one, trying to take these interim steps to improve the system, and we are very encouraged by the comprehensive, thoughtful approach it takes to many of these issues. It doesn't include as many child support assurance demonstration programs as we think are important, and it doesn't include staffing standards that we think are also important to make sure that States have the resources to do the job right.

We look forward to working with them and with you to make sure that some of these vital improvements are included and to help make the system work better for children.

[The prepared statement of Ms. Ebb follows:]

PREPARED STATEMENT OF NANCY EBB

SUMMARY

The Children's Defense Fund appreciates the Subcommittee's concern about the vital issue of child support. Our testimony focuses on the need for broad-based reform of the child support system, and highlights findings from a just-released CDF report.

The failure to pay child support is a problem in every State. Indeed, as a country we are more faithful about paying for our cars than for our children: in 1992, the default rate for used car loans was less than three percent, while according to the Census Bureau the delinquency rate for child support owed to mothers was 49 percent in 1990.

Children pay when parents do not. A 1992 survey of 300 single parents found, for example, that during the first year after the noncustodial parent left the home, more than half the families faced a serious housing crisis. Over a third of families reported that children lacked appropriate clothing, such as a winter coat.

CDF surveyed data reported by State child support enforcement agencies to the Federal Government to measure how the system was meeting the needs of children. Our report etches in stark relief the need for bold child support reform.

According to the report, State agencies are swamped with a huge caseload increase—most notably in the number of non-welfare families asking for help. The non-welfare caseload nearly quadrupled from 1983 to 1992. State resources barely kept pace with this dramatic increase, and the caseload each worker had to serve worsened. These developments were ominous, since the bottom line is that you get what you pay for: better investments in child support generally correlate with higher percentages of cases with at least some child support collection.

States made some progress from 1983 to 1992, most notably in improving paternity establishment and in locating non-custodial parents. However, progress is slow. Moreover, on the most basic of all measures—the percentage of cases that have at least some child support collected—children are not significantly better off in 1992 than they were in 1983. In 1983, States made some collections in 14.7 percent of their cases. By 1992, collections had edged up to 18.7 of the caseload. At the current rate of progress, it will take over 180 years before each child served by a State child support agency can be guaranteed even a partial support collection. Ten generations of children will be born, reach the age of majority, and pass out of the child support system without our being able to guarantee each child that any child support was obtained on his behalf in a year.

In the long run we can make child support work better for children by federalizing collection of support, leaving establishment of paternity and the support obligation at the State level. We can establish child support assurance so that children do not suffer when parents fail to pay. More immediately, we can and must make changes similar to those contained in the Administration's child support reforms, strengthened by staffing requirements that ensure States have the resources to do the job right.

The Children's Defense Fund ("CDF") appreciates the opportunity to testify about the need for legislation to strengthen Federal laws on child support. CDF is a privately supported charity that advocates for the interests of low income children. We work intensively on child support.

Our testimony today focuses on the need for broad-based reform of the child support system. We would like to take this opportunity to share with you findings from a just-published CDF report on child support. These findings underscore the critical need for reform efforts.

THE IMPORTANCE OF CHILD SUPPORT FOR CHILDREN

The failure to pay child support is a problem in every State. Across the country, millions of children—from every economic background—are plagued by the failure of their parents to fully support them. Child support is an urgent public policy issue because it affects so many children. By 1992, one in every four children—26 percent—lived in a family with only one parent present in the home. Losing a parent from the home is often an economic disaster. Half of the 17.2 million children living in single-parent families in 1992 were poor, compared with a poverty rate of 10.9 percent among children in two-parent families.

Just because a parent is absent from the home does not mean that he or she should be absent from a child's life—either emotionally or economically. Parents have an obligation to support their children to the best of their ability to do so. Yet too often, parents who leave the home also leave behind their sense of financial responsibility. Only 58 percent of custodial mothers had a child support order in 1990,

according to the Census Bureau. Most custodial mothers without a child support order wanted one but could not get it. Even families with a child support order are not guaranteed support. Of those due support in 1989, half (49 percent) received no support at all or less than the full amount due.[1]

The sad truth of the matter is that as a country we are more faithful about paying for our cars than for our children: in 1992, the default rate for used car loans was less than three percent, while the delinquency rate for child support owed to mothers was 49 percent in 1990.

Children pay when parents do not. A 1992 survey of 300 single parents in Georgia, Oregon, Ohio, and New York documents the real harm children suffer when child support is not paid:

- During the first year after the parent left the home, more than half the families surveyed faced a serious housing crisis. Ten percent became homeless, while 48 percent moved in with friends or family to avoid homelessness.
- Over half the custodial parents reported their children went without regular health checkups, and over a third said their children had gone without medical care when they were sick.
- Nearly a third reported that their children went hungry at some point during that year, and over a third reported that their children lacked appropriate clothing, such as a winter coat.[2]

Enforcing Child Support: Are States Doing the Job?

The upcoming Federal welfare reform debate will include new child support reform proposals. It offers important opportunities to examine how States are doing the job and what change is needed. CDF's new report, issued last month, helps shed light on progress and perils in a troubled child support enforcement system. This report etches in stark relief the need for bold child support reform.

While States have made progress in some areas, most notably in improving paternity and in locating non-custodial parents, the data tell a sobering story.[3] Progress is slow.

Moreover, on the most basic of all measures the percentage of cases served by State child support enforcement agencies that have any support collected—children were not significantly better off in 1992 than they were in 1983. At the current rate of progress, it will take over 180 years before each child served by a State child support agency can be guaranteed even a partial support collection. Ten generations of children will be born, reach the age of majority, and pass out of the child support enforcement system without our being able to guarantee each child that any child support was obtained in a year on his or her behalf. Our child support system is failing to deliver on its most basic promise: that parental support should be a regular, reliable source of income for the family, helping put a roof over a child's head and food on the table.

The Caseload Explosion—A System Under Stress

CDF's report looked at what States were investing in child support enforcement, and what the outcomes were for children. Both investments and outcomes have to be put in context: State agencies were swamped with a huge increase in caseload, and struggling hard to keep up with this dramatic new demand for help.

State child support enforcement agencies more than doubled their caseload between 1983 and 1992, increasing from 7 million to 15.2 million. AFDC cases served by State child support enforcement agencies remained relatively constant. They increased by slightly less than a million cases from 1983 to 1992, basically keeping

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[1] Bureau of the Census, "Child Support and Alimony: 1989," *Current Population Reports Series P–60.* The Census Bureau data, unlike that reported by the States to the Federal Office of Child Support Enforcement, includes single-parent families that are not receiving support enforcement services from the State agencies (for example, parents who hire private attorneys to seek child support, parents who represent themselves, and parents who are not actively pursuing child support). Unless otherwise indicated, the measures used in this report are based on data reported by State child support agencies, rather than Census Bureau data.

[2] National Child Support Assurance Consortium, *Childhood's End: What Happens to Children When Child Support Obligations Are Not Enforced,* February 1993.

[3] Since 1975, Federal law has provided Federal matching funds so States can operate child support enforcement agencies that help families on welfare and non-welfare families that ask for help. Major Federal efforts in 1984 and 1988 sought to improve State child support performance. CDF's report uses data reported by State child support enforcement agencies to the Federal Government in 1983 and 1992 to measure whether they have improved significantly, and whether they are doing the job for children.

pace with overall increases in the AFDC caseload. The non-welfare caseload almost quadrupled, however, skyrocketing from almost 1.7 million in 1983 to almost 6.5 million in 1992.[4] These cases poured into a system that was already resource-poor—an ominous development for children who depended on it for help.

Investments in Child Support Enforcement

Although State and Federal Governments increased their child support investments from 1983 to 1992, the new resources barely kept pace with the exploding caseload. The inability of resources to do more than keep pace with demand was bad news. The bottom line in child support is that you get what you pay for: good outcomes for children generally (though not always) correspond to what a State invests in its child support system.

Our study looked at two key measures of State investments in child support enforcement: the amount State agencies spent per case, and the caseload each full-time equivalent child support worker had to serve. The news is disheartening: from 1983 to 1992, the investment in child support enforcement per case stagnated, while the caseload per worker worsened.

Expenditures per case. Average expenditures per case remained virtually unchanged from 1983 to 1992, inching up from a national average of $130 per case in 1983 (in 1992 dollars) to $132 per case in 1992. The failure to increase expenditures per case is bad news because there is a significant relationship between how much States invest in enforcement per case and how many cases served by the State agency have at least some child support collected.[5]

Worker caseloads. The number of cases a child support worker is assigned also relates significantly to good outcomes for children. Generally, higher caseloads diminish the prospects for obtaining at least some collection for a child. Sadly, the average caseload per full-time equivalent child support worker actually increased (or worsened) between 1983 and 1992. In some parts of the country, child support administrators report caseloads in excess of a thousand cases per worker. Even the most dedicated, efficient worker cannot do a good job under these circumstances.

Our report's findings about State investments underline the need for Federal legislation that ensures States have the resources to do the job right. There is a fundamental need to ensure that each State has staffing standards so that caseloads are manageable and children do not fall through the cracks. There is also a need to revise the way that Federal matching funds are provided, so that States invest enough in child support to get the job done.

Outcomes: How State Agencies Perform for Children

Our study looked at key child support outcomes as well as at State investments. These outcomes underscore the inadequacies of the current system and the need for increased investments to improve performance for children. Our report used available data to look at six basic measures of performance.[6]

Based on these criteria, we found that States have made some progress since 1983, particularly in improving paternity establishment and in locating non-custodial parents. In cases with collections, dollar amounts collected improved very modestly. States have become moderately more "cost-effective," collecting more dollars compared with each dollar they spend on enforcement. There are significant variations among States on all measures, suggesting that there is clearly potential for States to improve their performance.

However, progress is slow. Even the best States often fall far short of desirable performance. Moreover, on the most basic of all measures—the percentage of cases that have at least some child support collected—children are not significantly better off in 1992 than they were in 1983. The vast majority of children served by State

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[4] In Arkansas, this increase was even more dramatic: the non-welfare child support caseload jumped from 4,620 in fiscal year 1983 to 51,042 in fiscal year 1992.

[5] For example, in fiscal year 1992, of the four States with the highest expenditures per case, three of them led the country in percentage of cases with any collection. Conversely, the four States with the lowest expenditures per case had among the worst collections records. These States ranked 48th, 34th, 46th, and 43rd in the country in percentage of cases with any collection.

[6] These measures included: the percentage of cases served by the agency in which any collections were made; cases needing a support order in which a support order was obtained; cases in which paternity was established; cases in which an absent parent was located; the average amount collected in cases in which a collection was made; and the "cost-effectiveness" of the State agency—the amount of child support collected compared to each dollar spent on child support enforcement. This testimony summarizes some of the report's key findings. For a full discussion, see *Enforcing Child Support: Are States Doing the Job?*

child support enforcement agencies not only do not have full collections made on their behalf, but fail to have any collection made at all. These findings reinforce the urgency of broad reform of the child support enforcement system.

Cases with any collections. Probably the best indicator of a State's performance is the percent of cases served by the State agency in which any collection is made.[7] The system has made little significant progress. In 1983, States made some collections in 14.7 percent of their cases. By 1992, collections had edged up to 18.7 percent of the caseload. Some States did far better than others: Vermont, the top-ranked State, made some collection in 40.3 percent of its cases, compared with only 8.6 percent in Rhode Island.

The failure to make more progress in cases with any collections is deeply troubling, since it highlights the failure of our current system to reach most children: only a small minority of children currently served by State child support agencies have any hope of obtaining even partial child support. Indeed, we projected that at the current rate of progress it would take over 180 years before each child served by State child support agencies could be guaranteed that any child support would be collected in his or her case in a year. This finding underscores how critical it is to create a child support safety net such as child support assurance, which guarantees that children receive at least a minimum child support benefit when they fail to receive child support despite their best efforts to collect it.

Collections per case. The relatively small number of cases with collections is particularly unfortunate because when child support is collected by a State agency, it can make a remarkable difference in a family's economic well-being. In 1992, in cases in which there was child support collected by a State agency, the average amount collected nationally was $2,811. Collections averaged $3,258 for non-AFDC cases and $2,695 in AFDC cases.

In most cases, these child support collections alone are not enough to lift a child out of poverty. Yet reliable child support, combined with at least part-time work by the custodial parent (and critical supports such as health coverage and child care), gives families a real reason to work and a viable alternative to welfare. If we could assure all children seeking help from the child support system such a reliable source of income, we would give families hope and help children thrive. Increasing the number of cases that have child support collected, and providing child support assurance to protect children when support is not collected, would make an extraordinary difference in the economic well-being of children.

Cases with paternity established. Measuring whether paternity is established is important because when a child is born outside of wedlock, paternity must be legally established before the child can obtain a support order. Since more than one out of every four children is now born out of wedlock, a State's success in obtaining paternity is key to its overall performance. Federal child support enforcement reforms in 1984 and 1988 increased expectations that States pursue paternity. States responded with significant improvements. In 1983, the median State child support enforcement agency established 21.5 paternities for every 100 out-of-wedlock births in the State. By 1992, the median State agency established 43.6 paternities for every 100 out-of-wedlock births—more than double than 1983 rate.

Paternity establishment still remains far from adequate: in 1992 the median State agency established paternity in only 47 percent of cases needing the service. However, the substantial improvement between 1983 and 1992 indicates that Federal reforms and State model practices can be effective. The paternity improvements also drive home the importance of continuing Federal legislative efforts to improve State performance in this area. States can, and have, responded to such directives. Additional measures that emphasize outreach about the importance of establishing paternity, and that streamline the process, can significantly improve the current system.

Support orders established. The obligation to pay support generally begins with establishment of a support order (voluntarily by agreement, or by order of an administrative or judicial decisionmaker). States have had only modest success in establishing support orders: in 1992 the median State established support in only 34.3

[7] Because this number includes cases in which paternity has not been established, or there is not yet a child support order, it includes cases in which collections cannot be made. However, because State agencies are responsible for establishing paternity and obtaining orders in cases that need them, looking at the percentage of cases with any collections is a fair way of measuring overall system performance. If few cases have collections because the agency has not done the most basic work to establish paternity or obligations to pay, then the system is failing. The percentage of cases with any collections in some ways understates system problems, since it counts cases in which even the most token payment was made at some point during the year, rather than cases with full or significant ongoing collections.

percent of the cases—about one in three—that needed a support obligation established.[8] Moreover, comparing numbers of support obligations established nationally to total national caseload, the percent of support obligations established actually declined from 1983 to 1992. These findings underline the importance of ensuring that each State has expedited procedures that move cases along and ensure that they do not languish in the system without a child support order—a critical issue that should be addressed in this round of child support reforms.

Absent parents located. In many cases, the process of establishing paternity or collecting support cannot begin because the absent parent cannot be located. State agencies are responsible for locating noncustodial parents in such circumstances. States significantly improved their track record in locating non-custodial parents: the number of absent parents located (as a percentage of total caseload) more than doubled from 1983 to 1992.[9]

A number of States were able to improve performance by expanding the number of data bases they used to locate parents and their assets; by automating their location efforts; and by creating innovative ways of obtaining information about newly hired employees. For example, Washington State improved its parent locate record dramatically (from 20th nationally in 1983 to third in 1992) and helped solve the problem of stale child support information with a novel approach: it created a central registry of child support orders, against which it matches information promptly reported by employers about newly hired employees. This approach means not only that the State does a better job locating noncustodial parents, but also that its information about where a noncustodial parent works is fresh and can produce better, prompter collections for children. Welfare reform proposals such as the Administration's build on this experience, creating a Federal registry that ensures that children in all States will benefit from this approach and helps resolve the thorny problem of locating parents in interstate cases.

Child Support Recommendations

The child support numbers paint a picture of a system that has made some heartening steps forward. At the same time, it fails to deliver on its central promise: to make child support a regular, reliable source of support for children in single-parent families. Fundamental reform is necessary to make child support deliver on this promise. To provide children with a stable economic base, child support changes should be combined with other reforms—broader health coverage and child care assistance, improved tax assistance for low-income parents, a minimum wage that allows parents to earn a family wage, and a reformed welfare system.

We believe that child support reform must include child support assurance, combined with aggressive, improved enforcement of support. Child support assurance protects children in single-parent families by ensuring that they receive a minimum level of support from their noncustodial parent. If the parent cannot provide that support, or fails to do so, government provides a minimum assured benefit, and pursues the noncustodial parent for reimbursement. Child support assurance is a key building block in a long-term strategy to meet the needs of children and families. With its emphasis on personal responsibility and incentives to work, as well as on reducing child poverty and economic insecurity, it strengthens family values and helps children. It will make a genuine difference in children's lives by making child support a regular, reliable source of income that encourages custodial parents to work because they can anticipate having reliable contributions from the non-custodial parent or the government. It is an essential component of a welfare reform strategy that encourages work and parental responsibility.

Child support assurance is built on the premise that government will insure children against harm when parents fail to meet their responsibilities, but will continue to hold parents responsible. When a parent leaves the household, this parental responsibility does not end. Child support assurance protects children and reinforces parent responsibility by helping provide a stable economic base for children, but also by aggressively pursuing reimbursement from the non-custodial parent when he or she fails to pay support.

Child support assurance must be coupled with aggressive efforts to improve child support enforcement, both to keep government cost down and to underscore the message that every child deserves the support of both parents. Our projection that at the current rate of improvement it will take ten generations of children before

[8] There is no comparable data for 1983.

[9] In 1983 the number of absent parents located nationally as a percentage of the child support enforcement agencies' caseload was 11 percent. In 1992 it was 24.7 percent.

our current system can guarantee that each child will have any child support collected in a year underscores the need for fundamental change.

We believe that enforcement should be centralized in a Federal agency such as the Internal Revenue Service. Using the tax system to collect support sends a powerful message: that supporting our children is as fundamental a civic responsibility as paying taxes, and that failure to comply will have serious consequences. It builds on the successful experience of having the Internal Revenue Service collect back child support by intercepting tax refunds due to non-custodial parents—one of the most successful tools in our current child support toolbox. And it frees up State resources to do jobs best left at the State and local level: establishing paternity and child support obligations.

If these measures are not feasible in the short term, immediate improvements must be made in the current system. As our report underscores, these improvements should be comprehensive, not piecemeal. They should address the fundamental resource issues; require that all States are using state-of-the-art techniques; and ensure that children do not suffer while we work to hold parents responsible.

At a minimum, there should be child support assurance demonstration programs. Reforms should be made in the Federal-state enforcement system that strengthen Federal assistance in collecting support, correct State resource shortages, and build on successful models. Key areas needing improvement include: more effective enforcement that incorporates successful State practices; central State registries that build on the successful experience of States like Massachusetts in processing large numbers of cases through highly automated location and enforcement efforts; better outreach; strengthened paternity establishment; uniform national guidelines for setting the level of the child support obligation and updating the level regularly; expedited processes to establish paternity and child support obligations and to enforce support; and provision of adequate resources, training, and auditing procedures to make the system work.[10]

We are heartened that the Administration's child support reform proposal contains so many of these improvements. The Administration's proposal does not propose a Federal system of collecting and enforcing support or universal child support assurance, which we believe are ultimately needed to make child support work for children. However, it makes a strong, thoughtful, and comprehensive proposal for mid-range reforms. It is impressive in its detail, its scope, and its grasp of the strengths and weaknesses of the current system. It can be strengthened—for example, by requiring states to have adequate staff to do the job right, and by increasing the number of child support assurance demonstrations so that they are in line with proposals by Senators Rockefeller and Dodd. We believe strongly that the future of children is best served by providing them with a child support assurance safety net. It is crucial to establish demonstrations of sufficient scope and size to effectively test the effectiveness of this approach and to plan for the future.

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The Children's Defense Fund appreciates the opportunity to present testimony. We are grateful for your interest in these issues of compelling importance to children, and look forward to working with you and your staff on them.

Senator PRYOR. Thank you very much, Ms. Ebb, and I want to first congratulate you. I will have a few questions after Mr. Delfico, but I want to congratulate you on your very fine report, and I must say it is in great demand this morning. We have been back there running off additional copies. We didn't have enough for the members of the press.

Mr. Delfico, thank you again for coming. You are not a stranger to this Committee. You have been a very constructive part of developing many programs in this room before the Governmental Affairs Committee and we thank you for sharing your knowledge about this particular subject with us this morning. You may proceed.

[10] A more detailed description of these reforms is provided in *A Vision of Child Support Reform*, a blueprint of child support reform prepared by CDF and other national advocacy groups.

TESTIMONY OF JOSEPH F. DELFICO, DIRECTOR, INCOME AND SECURITY ISSUES, HEALTH, EDUCATION AND HUMAN SERVICES DIVISION, U.S. GENERAL ACCOUNTING OFFICE

Mr. DELFICO. Thank you, Mr. Chairman. I am pleased to be here today to discuss our ongoing work for you on child support enforcement. Child support is the cornerstone of welfare reform, but our work suggests that the Office of Child Support Enforcement is having difficulty meeting its current responsibilities, let alone new ones.

Mr. Chairman, as you mentioned in your opening statement, it is an issue of capacity. Over the many years, OCSE's capacity has consistently been diminished. Its resources and tools for managing the program have not kept pace with program expansions.

For one thing, OCSE's ability to provide national leadership has been diminished directly through budget cuts and indirectly through reorganization. In fiscal year 1986, OCSE was combined with five other major HHS programs into the Family Support Administration. As a result of this reorganization, OCSE lost direct control of its budgetary and administrative functions, personnel decisions, and automated systems, as well as direct control and supervision of HHS regional office staff. OCSE's authorized staff in 1994 is less than half of its 1986 level, and caseloads are skyrocketing.

A fallout from the reorganization and budget cuts has been inadequate communications among OCSE, HHS regions, and the States, and you heard a little bit about that in this panel before us. There is no formal process for regional office feedback to OCSE on the results of regional resource expenditures. Currently, States must deal with at least five different HHS organizational units for their CSE programs. Also, some HHS regional staff told us that they believed that the added layers of bureaucracy impeded communications among the States, the regions, and the Office of Child Support Enforcement.

As States have been tasked to make significant changes to their programs to comply with the 1988 amendments, the Office of Child Support Enforcement's ability to deliver direct, hands-on technical assistance to the States has virtually disappeared. In addition, the Office of Child Support Enforcement officials told us that limited travel funds have restricted their ability to meet with State and HHS regional office staff.

As you know, the Office of Child Support Enforcement has been selected as a pilot agency for the implementation of the Government Performance and Results Act of 1993. To date, however, their planning, goal-setting, and performance measurement efforts fall short of the results-oriented approach it must now undertake under GPRA. Only now as a result of GPRA is OCSE beginning to put together a strategic plan and performance system that can guide program efforts.

In addition, the Office of Child Support Enforcement has yet to correct longstanding flaws in program data. Despite nearly 20 years of performance reporting, these data remain seriously flawed because of the Office of Child Support Enforcement's failure to establish adequate reporting standards and States' limited reporting

capabilities. The lack of accurate, consistent data hinders meaningful planning, analysis, performance measure, and management improvement. Poor quality data can seriously impair OCSE's effort under GPRA.

While only 17 percent of OCSE's staff resources are devoted to training and technical assistance, more than half are used, as you have heard today, to audit State programs. However, while the audits are the primary tool for assessing program effectiveness, they provide only a partial picture of State performance, with little insight into the ultimate case outcome and the extent to which actions have been taken that can be productive.

The audit focuses on compliance with Federal requirements for written procedures and service delivery. Because of this, audit results highlight what State programs have not done rather than what State programs have accomplished and which actions have been particularly successful. In addition, audits frequently are not timely, with final reports often issued a full 2 years after the period of performance being audited.

At the time of our review, the Office of Child Support Enforcement had not yet begun to audit the additional requirements of the 1988 amendments. State officials acknowledge that the audits and the threats of penalties have helped their programs get State legislatures' attention and resources, but complain that the audits are too late to be useful as a management tool for them. A number of States have developed their own internal mechanisms to monitor compliance and performance among offices.

In our discussions with State program officials, they expressed a desire for guidance and other actions from the Office of Child Support Enforcement. States have complained of vague, inconsistent, and untimely policy interpretations from OCSE and the HHS regions. One State director described current communications channels as convoluted layers similar to, quote, "a black hole where things just disappear."

The States we visited wanted greater technical assistance and training. In addition, they believed the HHS regional office needs to be more proactive in sharing information and helping States provide additional support to one another.

Mr. Chairman, this morning we heard some very positive statements from the administration about their expected performance. In a very short time they have made some early progress in establishing better relationships with the States. Nevertheless, they are faced with the difficult task of undertaking new responsibilities from GPRA at the same time welfare reform will present many additional challenges. Given the fact that OCSE has had difficulties implementing current responsibilities, we continue to be concerned about its ability to effectively take on these new functions and succeed.

Mr. Chairman, this concludes my statement and I would be glad to answer any questions.

[The prepared statement of Mr. Delfico follows:]

PREPARED STATEMENT OF JOSEPH F. DELFICO

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss child support enforcement (CSE) and the record of the federal office responsible for ensuring that states develop effective CSE programs.

Nonpayment of child support contributes to childhood poverty, as well as to increases in the number of families receiving Aid to Families with Dependent Children (AFDC) benefits. Today, more than one-fifth of America's children live in poverty, and for the last 5 years, AFDC rolls have been increasing at alarming rates. To help families avoid poverty and welfare dependency, the Congress created the CSE program in 1975 as a federal-state partnership. The Congress tasked the federal Department of Health and Human Services' (HHS) Office of Child Support Enforcement (OCSE) with providing leadership, technical assistance, standards and oversight to state programs, which were tasked with collecting the support. Despite this federal-state partnership, in 1992 only about 19 percent of approximately 15 million children and families depending on the program received full or partial child support.

You asked us to address (1) various aspects of OCSE's responsibilities in the CSE program, including how well OCSE is discharging its responsibilities; (2) whether federal audit activities as currently structured play a constructive role in helping states improve their programs; and (3) changes state and local programs want the federal government to make in order to enhance child support collections. In addition, you asked for our views on the implications of welfare reform proposals and the Government Performance and Results Act of 1993 (GPRA) for OCSE.

Our work to date suggests that OCSE has had difficulty meeting its responsibilities. Reorganization and budget cuts, the lack of a strategic vision, inadequate communications with HHS regional offices and states, and flawed program data have limited OCSE's capacity. In addition, federal audits—OCSE's main tool for assessing program effectiveness—offer limited insight into state program performance while consuming over half of OCSE resources. To enhance their collection efforts, states we visited expressed a desire for greater technical assistance and training from OCSE, as well as a more collegial approach to regulations development. Regarding welfare reform implications, new requirements common to several reform proposals would add to OCSE's responsibilities for providing guidance through regulations and technical assistance and monitoring state programs. Our work to date shows that these are areas already burdened with meeting the demands of existing requirements.

As you know, OCSE has been selected as a pilot agency for the implementation of GPRA. We believe GPRA may provide a catalyst for program improvements at the national level and encourage a stronger federal-state partnership with a greater focus on results. But the improvements this federal initiative can make are yet to be realized. Moreover, they will be limited without equally intensive efforts by individual state programs.

I will now, in the remainder of my statement, provide an overview of the CSE program and then elaborate on our findings as they relate to OCSE, welfare reform, and opportunities for OCSE to improve.

BACKGROUND

The CSE program is characterized by (1) an expanding mission; (2) growing caseloads and collections, with limited progress being made in key areas such as order establishment[1] and the number of cases in which collections are made; and (3) uneven state leadership.

Expanding Mission Creates Greater Complexity and Competing Expectations

Originally designed to focus on welfare cost recovery, in the last 10 years, the program has undergone two major expansions in philosophy and scope in response to a growing need for child support. The 1984 child support amendments required state and local programs to equally serve AFDC and non-AFDC families who apply for services and greatly enhanced the available enforcement tools. Four years later,

[1] A support order establishes the legal obligation of the noncustodial parent to pay child support.

the Family Support Act of 1988 set standards for paternity establishment[2] and timeliness of services, and added requirements to ensure the fairness and currency of support awards.

As a result of these changes, CSE's mission has become less clear over time, and different stakeholders—such as the Congress, OCSE, and the states—have differing expectations of the program. The emphasis has expanded from easing taxpayer burden by recovering AFDC payments to include providing greater financial and medical support to children in both AFDC and non–AFDC families. In addition, some required program activities, such as medical support and paternity establishment, use program resources without generating increased collections in the short term or at all.

Growth and Mixed Performance

The CSE caseload has grown both in size and difficulty. Between 1980 and 1992, the caseload grew 180 percent, from 5.4 million to 15.2 million. The largest portion of this increase was in non–AFDC cases, which grew from 15 percent to almost 43 percent of the caseload. Not only are there more cases and services required today than formerly—more cases are difficult to serve, such as those involving young, unwed, and unemployed parents.

Although the program's performance has improved over the years, the overall level of performance is still rather low. Between 1980 and 1992, collections increased over 400 percent. However, the program experienced much smaller growth in other key areas. For example, the recovery of AFDC costs increased from a rate of 5.2 to 11.4 percent. Similarly, the proportion of cases for which collections were achieved increased from 13.7 to 18.7 percent. Between 1980 and 1990, the number of support orders established, expressed as a percentage of total caseload, gradually increased from 7 to 8 percent.[3]

State Programs Vary

States are at different points in developing their CSE programs and the specific tools they need. Our visits to eight states[4] suggest that decisions about improving automation, adding resources, and expanding the program's administrative authority to deal with increasing workloads lie within the control of state leadership and reflect the investment states are willing to make. For example, some states have overcome or reduced barriers to program improvement in their states without the impetus of a federal mandate. Others, however, have not accepted emerging approaches, such as new-hire reporting by employers,[5] that are now proposed under welfare reform.

Federal Leadership Needs Strengthening

OCSE's resources and tools for managing the CSE program have not kept pace with program expansions. Its ability to provide national leadership has been diminished directly through budget cuts and indirectly through reorganization. Only now, as a result of GPRA, is OCSE beginning to put a strategic planning and performance measurement system in place that can guide program efforts. Long-standing flaws in program data have yet to be corrected. Program audits—OCSE's main tool for assessing program effectiveness—offer limited insight into performance, yet require over half of OCSE's staff resources.

Reorganization and Budget Cuts Reduced OCSE's Resources

Reorganization and budget cuts have reduced OCSE's capacity to provide training and technical assistance and conduct state program reviews. In fiscal year 1986, OCSE was combined with five other major HHS programs into the Family Support Administration (FSA). As a result of this reorganization, OCSE lost direct control of its budgetary and administrative functions, personnel decisions, and automated

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[2] Paternity establishment is the identification of a child's legal father. Paternities are established in either of two ways: (1) through a voluntary acknowledgment by the father or (2) if the case is contested, through a determination based on scientific and testimonial evidence.

[3] Due to new reporting requirements effective in fiscal year 1991, the support order data for 1991 and 1992 are not comparable to prior years.

[4] As part of our work, we visited the following states: Arizona, Iowa, Kentucky, Massachusetts, New York, Oregon, Texas, and Virginia.

[5] In some states, employers are required to provide information identifying all newly hired employees to a central state database.

systems, as well as direct control and supervision of HHS regional office CSE specialist staff.[6] In fiscal year 1986, before the reorganization, OCSE controlled 342 full-time positions—95 in regional offices and 247 in Washington, D.C. In fiscal year 1987, however, OCSE's authorized positions dropped to 151, all in headquarters. In fiscal year 1994, OCSE authorized staff was 143.

As states have been tasked to make significant changes to their programs to comply with the 1988 amendments, OCSE's ability to deliver direct, hands-on technical assistance to states has virtually disappeared. From 1985 to 1992, OCSE's authority to contract for technical assistance, publications development, data processing, and other services was reduced from $7.1 million to $2.1 million. Its contract authority for training and technical assistance alone was reduced from $3 million to $300,000. In fiscal year 1992, only 17 percent of OCSE staff were devoted to providing training and technical assistance to states. OCSE officials also said that limited travel funds have restricted their ability to meet with state and HHS regional office staff.

In addition, there is no formal process for regional office feedback to OCSE on the results of regional resource expenditures on CSE. OCSE officials told us that under the current organization and operating process they do not know for sure the extent of resources HHS regions will devote to state technical assistance, training, and state program reviews. For example, in 1993 OCSE believed the regions were going to develop joint plans with states to increase AFDC recovery, but OCSE did not know what was done.

States currently must deal with at least five different HHS organizational units for their CSE programs, and some HHS regional staff told us they believed that added layers of bureaucracy impeded communication among the states, regions, and OCSE. Similarly, OCSE officials confirmed there have been communication breakdowns with the regions. They said that regional staff have misconstrued information and communicated inaccurate messages to the states. State program officials testified before the congressionally established Commission on Interstate Child Support that policy was often interpreted differently by regional offices and OCSE auditors.[7]

OCSE's Planning, Goal Setting, and Performance Measurement Falls Short

To date, OCSE's planning, goal setting, and performance measurement efforts fall short of the results-oriented approach it must now take under GPRA. At the time of our review, OCSE had no strategic plan laying out short- and long-term goals for the national CSE program. In addition, OCSE did not have a strategic plan for how it will lead the program over the years. Furthermore, OCSE had not formulated a plan for its own day-to-day operations. Only one goal—paternity establishment—has been defined for the program, and that was defined by the Congress when it legislated paternity establishment standards.

Program Data Are Seriously Flawed

Despite nearly 20 years of performance reporting, program data remain seriously flawed because of OCSE's failure to establish adequate reporting standards and the states' limited reporting capabilities. The resulting lack of accurate and consistent data hinders meaningful planning, analysis, performance measurement, and management improvement. For example, an unduplicated caseload count is difficult to obtain. Similarly, consistent data on amounts of child support owed are not available because of such things as states' differing procedures for writing off debts, judgment setting practices, and statutes of limitations.

In addition, the numerous qualifications states attach to the data they report to OCSE cast doubt on the data's reliability. These qualifications explain year-to-year variances in reported data and reveal the nature and range of problems states experience. For example, variances have been explained by lax data entry by local offices, changes in reporting methodology, and failure to report data.

Audits Provide Limited Insight Into Performance

Audits, OCSE's primary tool for assessing program effectiveness, provide only a partial picture of state performance with little insight into ultimate case outcomes and the extent to which the actions taken have been productive. The audits focus on compliance with federal requirements for written procedures and service delivery. Accordingly, audit results highlight what state programs have not done, rather

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[6] A reorganization in April 1991 combined FSA, the Office of Human Development Services, and the Maternal and Child Health block grant programs administered by the Public Health Service into the Administration for Children and Families (ACF), where OCSE is today.

[7] See the U.S. Commission on Interstate Child Support, *Supporting Our Children: A Blueprint for Reform* (Washington, D.C.: GPO, 1992), p. 249.

than what state programs have accomplished and which actions have been particularly successful. Although audits consume over half of OCSE's staff resources, audits frequently are not timely, with final reports often issued a full 2 years after the period of performance being audited. At the time of our review, OCSE had not yet begun to audit the additional requirements of the 1988 amendments.

Although state officials complain that audits are too late to be a useful management tool for them, they acknowledge that the audits and the threat of penalties have helped their programs get state legislative attention and resources. In addition, a number of states have developed their own internal mechanisms to monitor compliance and performance among offices.

In September 1993, OCSE proposed revised audit regulations that it believes will move the audit toward a more results-oriented focus and allow audit results to be reported in a more timely manner. However, the proposed regulations do not add any new performance indicators or revise the current ones that are limited to cost-effectiveness and AFDC recovery. In addition, while the proposed regulations reduce some requirements, they add others, making their net effect on audit timeliness difficult to predict.

States See Need for Enhanced Federal-State Partnership

Over the years, working relationships among OCSE, HHS regional CSE personnel, and state officials have been strained, and communications breakdowns have occurred. States have expressed a need for greater technical assistance and training and want to see more collegial approaches to developing regulations.

Problems in Federal-State Communication

States have complained of vague, inconsistent, and untimely policy interpretations from OCSE and HHS regions. One state CSE director described current communication channels as "convoluted layers" similar to a "black hole" where things just "disappear." In addition, the lateness of regulations has made it more difficult for states to comply with the law. In some cases, the late issuance of regulations caused state directors to go back to their legislatures to request additional legislative changes. For example, final regulations implementing the 1988 amendments' requirement for wage withholding (on delinquent non–AFDC cases and all new or modified CSE cases), were issued in July 1992, almost 2 years after the statutory effective date of November 1990.

States Want More Technical and Training Assistance

Most state officials we talked with want more technical and training assistance from OCSE and HHS regions. They believe the HHS regional offices need to be more proactive in sharing information with the states and helping states provide additional supports to one another. In some regions, states are beginning to work with HHS regional staff. For example, in two regions, states are developing new approaches to providing technical assistance and training that OCSE might encourage in other federal regions. In one of these regions, states have established a steering committee composed of the chief executive officers of states' human service agencies and the Administration for Children and Families regional administrator. A child support work group that reports to the steering committee is focusing on common training needs and federal-state communication. In the other region, state child support training coordinators are forming a regional training network, following up on an idea that originated during a 1991 OCSE national training conference. The group plans to share materials, attend each others' training sessions, develop training packages for line workers, and serve as consultants to each other and their CSE directors.

States Want More Input Into Regulations Development

Some program officials in the states we visited suggested that OCSE should take a more collegial approach to developing regulations, soliciting more involvement from states early in the process. Some believe that OCSE does not get enough state input or adequately respond to state comments on the impact of implementation of new policies and proposed regulations. These officials believe the approach currently used for developing federal regulations solicits state comments too late and does not encourage a federal-state dialogue. They would like to see states involved before proposed regulations are drafted, when OCSE is wrestling with the issues. One program official suggested an alternative approach that would have OCSE identifying issue areas and using the HHS regional CSE specialists to discuss the issues with the states and collect ideas from the states for OCSE. Program officials in other states believed this approach would allow states to participate in the process well

before the regulations are drafted and public comments are solicited. They also believed this approach would save time by reducing state comments later, after the draft regulations are published.

The Challenge of Welfare Reform

Implementing welfare reform would present challenges for OCSE and state programs through further expansions of program requirements and services. Our work suggests that OCSE may find it difficult to provide the leadership needed to implement additional requirements.

New requirements common to several welfare reform proposals would add to OCSE's responsibilities for providing guidance through regulations and technical assistance and monitoring state programs—areas that, our work shows, are already burdened with meeting the demands of existing requirements. For example, the addition of computerized registries of support awards and employer reporting of newly hired employees would require OCSE to issue guidance and oversee the development and implementation of the registries.

As we have previously reported, however, OCSE has not always exercised effective oversight of states' development of child support automated management information systems. In its compliance reviews of states' systems development efforts, OCSE's systems division identified and reported to states on numerous deficiencies. OCSE did not, however, exercise the authority it has to suspend federal funding for CSE computer system development[8] if states do not adhere to their approved system development plans. As a result, three flawed systems continued for a period of 3 to 8 years, at a total cost of over $32 million in federal funds, before these efforts were stopped and redirected.[9]

Opportunities for Improvement

While our work is still underway, we have identified several potential opportunities to improve OCSE's management capacity. I would like to briefly discuss three of these opportunities today.

First, in light of OCSE's diminished management capacity and impending welfare reform, we believe the GPRA implementation has the potential to fill a void in federal leadership by requiring OCSE to develop a "national agenda" that will drive agency and CSE program actions. The planning and evaluation discipline imposed by GPRA can be a first step in a process of making federal program management more effective. Specifically, GPRA requires OCSE to develop (1) a strategic plan, (2) an annual performance plan, and (3) annual performance reporting that will provide information for policy decisions and plan revisions. OCSE's GPRA pilot status gives it an opportunity to develop the tools that will be needed to meet the challenge of implementing welfare reform.

Second, one tool OCSE will need is a reengineered audit function. We believe it is essential that the federal government maintain a program monitoring function to ensure that children in need of child support are being effectively served. However, the scope and approach of this monitoring function need to be reconsidered. While the audits have spurred state actions, we believe it is time for the program audit role to be reexamined and reinvented to provide a monitoring capability that supports the accomplishment of a strategic plan and accurate performance reporting.

The audit process also bears reexamination in light of state efforts to monitor compliance and evaluate program performance. While these efforts may not sufficiently meet government auditing standards, OCSE could consider ways to work with states to develop an audit program that does meet the standards. This would allow OCSE to rely more on state audit efforts, as has been proposed by the Administration in its welfare reform plan. In addition, OCSE could develop an audit program that tests the quality of state audits through periodic evaluation of state findings rather than auditing the state directly.

OCSE has started to revise the audit process, but more could be done in response to GPRA and state-initiated self-monitoring. In response to GPRA requirements for annual performance reporting, the audit could be shifted from ensuring compliance to ensuring data quality and investigating performance problems. The audit could also be used to evaluate the validity of the required processes and time frames in reaching program goals.

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[8] The federal government matches 90 percent of state costs of system development.

[9] See *Child Support Enforcement: Timely Action Needed to Correct System Development Problems,* (GAO/IMTEC–92–46, Aug. 13, 1992).

Finally, HHS and OCSE officials should look into alternatives to the current organizational structure, since this structure has produced ineffective communication among all parties. Federal officials need to consider what organizational changes are necessary to support OCSE's performance goals and program mission priorities. To this end, they should consider (1) what the role of regional HHS personnel is and how regional resources should be spent on CSE and (2) where federal resources should be devoted to foster state goal achievement. Our forthcoming report will discuss these and other issues in more detail.

Within the relatively short time that the current OCSE leadership has been in place, they have begun work on GPRA implementation and initiated discussions with states to build better working relationships. Such efforts and more will be needed to implement welfare reform.

Mr. Chairman, this concludes my statement. I will be glad to answer any questions you or the members of the Subcommittee may have.

Senator PRYOR. Thank you very much for your statement. It was a very fine statement and the full body of the statement will be placed in the record.

Now, let us turn to this chart just for a moment. I am going to ask this question to Ms. Ebb. She may want to submit her answer in writing later, but she can try a stab at it. Why is it that we see such a low 1.3-percent home loans, FHA and VA home loans, in the default rate category, and used car loans are 3 percent in default, small business loans are 16 percent in default, and child support orders are 49 percent in default? Now, what is going on here in our country and our society?

Ms. EBB. Well, I think a lot of the issue is what are the consequences when you don't pay, what is the importance our country attaches to these various responsibilities. The fact is we have not really made it a national priority that you need to pay your child support. When you don't pay your car loan, they take back your car. When you don't pay your child support, too often there aren't consequences.

I think part of the way that you turn that around is both through a very intensive and long-range public outreach and information campaign about the importance of child support, creating new symbols of why child support is important, and part of what you have to do is to attach consequences when you don't pay. To say, for example, if you use the Internal Revenue Service, the tax man will come after you if you don't pay your support. Or to say, if you use a State agency, if you don't pay your child support we will report that to the credit agencies so that your credit rating goes down, or we will take away your driver's license, so there are real-world consequences.

Interestingly, in Maine where they do that, they sent out 17,500 notices last August to people who were 3 months or more behind in their child support threatening to take away their driver's license. Since then, they have collected $12 million in child support, taking away only two drivers' licenses. It got people's attention. Measures like that where we show that consequences will attach are very important.

Senator PRYOR. Is Maine the only one doing the driver's license, or are they doing this in Texas or other States?

Ms. EBB. I am not aware of other States that are doing it. Maine is one of the ones in the forefront, and I am sure other States will be picking up on it as well.

Senator PRYOR. Should the Federal Government set basically some guidelines about what the penalties might be or the punishment might be, or should this be left up to the respective States?

Ms. EBB. What is important is the Federal Government ensure that all States pick up on the model practices, such as those in Maine, such as Washington State's use of hospital-based paternity, models that have proven successful across the country. One may want to say the specifics of how you implement them are left up to the States, but it is a critical role for the Federal Government to make sure that all States are using effective mechanisms pioneered by some.

Senator PRYOR. Mr. Delfico has brought to our attention, I think, a rather astounding fact in his prepared statement. "The CSE caseload has grown both in size and difficulty." This is mind-boggling to me: "Between 1980 and 1992, the caseload grew 180 percent, from 5.4 million to 15.2 million. The largest portion of this increase is in non-AFDC cases, which grew from 15 percent to 43 percent of the caseload."

It seems like we are being swamped, doesn't it, Mr. Delfico, with these problems?

Mr. DELFICO. That is the impression we get when we talk to the States, and you heard that just before us. The State of Virginia's caseloads are enormous, and it is not uncommon. Our trips to eight States have indicated that caseloads are growing. Non-AFDC caseloads particularly have grown since the legislation was passed to allow that.

In addition to that, you raised the point, and we have all raised the point, that out-of-wedlock births are skyrocketing, and we expect to see a continued growth in this area. Our concern is, is there a system out there that is able to deal with that? That is a question that we can't answer directly now, but I can tell you my tendency is to be skeptical of what I see. I am a little concerned about the ability of the system to deal with it.

Senator PRYOR. Well, the reason for some of your skepticism—we look at the chart entitled "Progress?" I think this is information that Ms. Ebb has brought to our attention, if I am not mistaken, in her report.

After spending about $12 billion from 1983 to 1992, we have increased collections only from about 14 percent to 18 percent. So, that is a tremendous amount of money to have spent just to change that percentage just 4 percent. Maybe that is a lot of dollars, though, and we are making some progress, but it is very, very slow.

In the area of AFDC, Ms. Ebb, if I could ask you this question—it seems like I am asking you some hard ones this morning—tell us what we might be looking at in the field of welfare reform. I am on another committee, the Finance Committee, that is going to be dealing to a great extent with the welfare reform measure proposed by the President. Tell me what we ought to look at in AFDC reform.

Ms. EBB. In terms of child support?

Senator PRYOR. Yes.

Ms. EBB. I think many of the ones that you heard from the administration today are very important. As I said, I think child support assurance is a key part of welfare reform, since it gives parents on welfare who are trying to work their way off the welfare rolls some assurance that once they go off, and they may still be extraordinarily low-income, they can rely on child support from the non-custodial parent or, as the last resort, from the government to augment their meager earnings. That is a very important piece, we think, of child support reform and welfare reform.

In general, improving the child support system for families will help families on welfare. I think another key issue that you highlighted earlier is the importance of outreach, of explaining to families why child support is important to them, how it can help them, how it can present a viable alternative to welfare. That kind of outreach is, quite frankly, impossible when you have a worker with 1,000 cases. If you spend 98 minutes a year on a case, you can't spend much time talking to the client, and that is a very vital part of reform.

Senator PRYOR. You made note earlier in your opening statement about the State of Washington and the remarkable progress that they have made in collections. Now, tell us again, what did Washington State do? I want to make sure I know what they did so maybe we can look at it more closely. What did Washington State do?

Ms. EBB. Well, Washington State did a number of things that were very important. One of them was to create a central registry of child support orders and to say to each employer that you have to report when you have a newly hired employee. The State matches that new-hire information against their central registry, and that means they have fresh information about where parents are working and can begin withholding or enforcement very quickly.

They also pioneered the hospital-based voluntary acknowledge of paternity which is very important. Other States like Arkansas and Delaware have been very good about looking at ways to reach families and to talk to them in other settings about the importance of acknowledging paternity, and those also are real models.

Senator PRYOR. Well, I really do thank you. We are having a vote right now on the Senate floor. One more question. Mr. Delfico, when is the GAO report going to be forthcoming?

Mr. DELFICO. We are shooting for some time early this fall. We will have a draft report some time before then. We need to firm up some of our findings to get into the welfare reform debate.

Senator PRYOR. Right. Well, we need that information.

Mr. DELFICO. I understand.

Senator PRYOR. We hope that it will be coming as soon as possible and we very much appreciate your contribution.

Mr. DELFICO. Thank you.

Senator PRYOR. Ms. Ebb, we appreciate your being here, and all of our witnesses this morning.

Our meeting does stand adjourned.

[Whereupon, at 11:22 a.m., the Subcommittee was adjourned.]

APPENDIX

PREPARED STATEMENT OF CONGRESSWOMAN OLYMPIA J. SNOWE

I'd like to thank the Chair and Members of the Senate Government Affairs Subcommittee on Federal Affairs, Post Office, and Civil Service for scheduling this important hearing today on legislation to improve child support enforcement measures and to allow for the garnishment of Federal pensions to collect on damages awarded due to child abuse cases.

As I think you know, the issue of child support enforcement has received—and deservedly so—much attention in recent weeks and months as we begin the dialogue on welfare reform. The timing of this debate offers us a unique opportunity to improve upon existing child support enforcement mechanisms and establish new enforcement systems where none currently are in place. The two bills before you today will move us forward and in the right direction to do just this. And, possibly for the first time, we recognize that the issue of child support enforcement goes far beyond parochial interests or State lines—even national boundaries; as a national problem for our children and their families, child support enforcement merits a truly national solution. And with the Subcommittee's help, that is exactly what we hope to achieve.

Fortunately, the Caucus and its members have taken those all-important first steps to meet that goal. Several weeks ago, we met with Speaker Tom Foley about crafting a new, comprehensive, positive, bipartisan approach to child support enforcement, called the Child Support Responsibility Act of 1994. Speaker Foley has endorsed our efforts to move child support legislation through Congress this year. In addition, House Minority whip Newt Gingrich has also lent his support for our efforts.

Clearly, the actions that we are taking to win the war on overdue child support enforcement and collect child abuse award payments could not have come at a better time. Despite some of the attempts by Congress to tighten and strengthen child support enforcement laws, one thing remains abundantly clear: millions of American single-parents and children continue to suffer from the consequences of "deadbeat parents". At a time when approximately 25 percent of our Nations' children grow up in single-parent households, the crisis of child support payments remains a heavy burden to bear. Consider that, for mothers who have obtained a child support order—and more than 40 percent have not been able to obtain such orders—either the father must voluntarily fulfill his obligation or the mother must bring a support action. Even among mothers who get awarded support, only half actually receive what is owed; the other half receive partial payments or nothing. Finally, approximately, $5 billion of child support orders are unpaid annually. These figures add up to significant burdens that have taken not just an emotional toll on these parents and their children, but an economic toll. And it is a price that our State governments are having trouble with as well.

Partial federalization of child support has been favored by numerous groups who believe that, while States have made great strides in streamlining the paternity process and modifying support orders, the problem of collection of child support awards requires a Federal approach, particularly in interstate cases, which comprise almost one of three national cases. Since 1984, more than 12 studies have been completed by the General Accounting Office detailing the problems with the public child support enforcement system. Fragmented State enforcement has resulted in poor performance in interstate cases and failure to enforce existing awards.

A 1989 study by the Inspector General of the Department of Health and Human Services matched more than 65,000 absent parents who work for the Federal Government and who owe as much as $284 million in past due child support, with about $187 million relating to children receiving Aid to Families with Dependent

Children (welfare) funds. Since the cost of providing Federal and State benefits represents directly recoverable funds, there is an immediate incentive to expedite and streamline child support collection. Also, collection of non-AFDC arrearages and providing regular child support payments would reduce the need for some families to seek or remain on public assistance. This study estimates only $1 billion less than the $48 billion dollar figure for potential child support that could be collected annually that has been most recently cited by the Urban League. States are currently only collecting $14 billion annually from non-custodial parents, leaving a $34 billion gap, and with 15 million cases and a growing caseload, there is a clarion call for reform.

So, clearly, there is a need to collect delinquent payments . . . clearly, there is a desire on behalf of States and parents to collect on those payments . . . but even more clearly, what we are discovering is an institutional inability to pursue child support payment cases because of a lack of leadership from the Federal Government, and because many State agencies lack the technical support they need to carry-out the follow-through in these cases.

Our bipartisan bill can and will offer the States the tools and techniques they need to strengthen their child support enforcement efforts. Our approach will also provide an opportunity for public education and personal and parental responsibility. Our legislation levels the playing field for all 50 States and the District of Columbia to be equal partners in this fight. Our approach seals gaps, and closes bureaucratic loopholes. Most importantly, the provisions contained in this bill will send a powerful but necessary message to deadbeat parents everywhere: you can run, but you can't hide, no matter who you are, no matter where you run to.

Provisions in our bill would ensure that the Federal Government does not—through its system of Federal pensions and benefits—become an unwitting sanctuary or protector of deadbeat parents. Our bill echoes the recommendations of the U.S. Commission on Interstate Child Support and would waive sovereign immunity of the Federal Government in additional categories of benefits previously not subject to garnishment. These would ensure that the children of all Federal workers, whether they are children of miners, military or civil servants, would receive their share of support from Federal benefits.

The bill would simplify the child support enforcement process by not requiring a separate court order to attach the interest in any public or private retirement fund. Problems arise not only in obtaining funds, but in obtaining them in a timely and cost-effective manner.

In addition, our bill would establish a Federal registry of child support orders and centralized State child registries. Under this system, W–4 forms would have child support information and employers would provide a copy of the W–4 form to the Federal child support registry for new hires, so that they could compare the information in a timely manner. The bill also would mandate State child support registries to maintain orders. It would mandate uniform State requirements for wage withholding and demand prompt delivery of payment.

Lastly, our bill would not allow anyone whose child support arrearages are greater than $1,000 or who is not in compliance with a plan or agreement to repay the arrearages to obtain a benefit, loan or guarantee from any agency or instrumentality of the Federal Government and would make any such individual ineligible for employment with the Federal Government. This is an extensive and broad-sweeping provision, which must be carefully reviewed in light of the fact that when someone is in compliance with a plan or agreement to pay arrearages, benefits and employment would not be denied.

What we are simply asking is this: that the Federal Government be subject to the same laws on child support enforcement that many State governments have initiated, to a great deal of success in most cases. Take my home State of Maine, for example. In Maine, deadbeat parents are walking out on $150 million in support payments every year. To stop this hemorrhaging of parental responsibility, Governor John McKernan has instituted a program which revokes the drivers licenses of parents who are delinquent on their payments. Not only that, this program also revokes the licenses of doctors, lawyers, architects, plumbers, electricians and other professionals. And the State of Maine, which already has a central registry, is also requiring that employers sent the W–4s of new hires to its central registry. They make every effort to garnish pensions, whether private or public, and to garnish contested wills and estates. They would welcome a uniform law that would streamline the interstate enforcement process.

Perhaps if we can mirror on the Federal level some of the progress and innovation that we are seeing on the State level, we can begin to ease and eventually lift the economic and emotional burdens caused by delinquent child support payments, and

at last bring the justice, security, and equity that millions of single-parents and their children deserve. Thank you.

PREPARED STATEMENT OF SENATOR COCHRAN

Mr. Chairman, I want to thank you for holding this timely hearing on child support enforcement. The Senate may soon begin to develop legislation to overhaul our welfare system. One important issue in that effort will be reform to ensure collection of child support payments so necessary in providing a decent standard of living for millions of our Nation's children.

Billions of dollars in child support payments are currently outstanding. Too often when parents do not meet their financial obligations to their children, the government must step in and provide support through welfare programs, most importantly Aid for Families with Dependent Children (AFDC) program. This shift of responsibility is expensive not only in terms of money, but also in the culture of dependency it perpetuates.

We must be cautious as we work to strengthen child support enforcement. While the enforcement partnership between the Federal Government and the States certainly needs to be improved, we should not try to develop a Washington answer for all child support enforcement problems. One size will not fit all. Mississippi, for instance, is beginning to privatize the collection of child support payments, and other States may be considering similar alternatives.

We all have a great deal to learn, Mr. Chairman, and I look forward to hearing from our witnesses today on this very important issue.

QUESTIONS FOR THE RECORD

1. (For Assistant Secretary Bane) Several States, including Mississippi, continue to have waivers pending before both the Department of Health and Human Services and the Department of Agriculture months, even years, after the original application is submitted. One State, Oregon, has had a waiver request pending since 1990. Could you please explain why the process for clearing the waivers takes such a long period of time?

2. (For Assistant Secretary Bane) There have been a number of delays in granting the welfare reform program waiver request for Mississippi. Over the last several months, HHS has attributed the delay to the Department of Agriculture, the lack of authorization for Mississippi's Department of Human Services and, most recently, possible congressional changes to the Food Stamp program. Do you foresee any additional problems with Mississippi's waiver application? If not, when do you expect the waiver request to be granted?

3. (For Assistant Secretary Bane, Ms. Judy Jones Jordan, and Ms. Pat Addison) Do you believe that if we are successful in efforts to significantly increase paternity establishment, particularly among poor, unmarried women, the CSE caseload would rapidly increase? If so, what should the Federal response be?

4. (For Director Delfico) Do you foresee the non-AFDC cases in CSE becoming more than 50 percent of the caseload?

PREPARED STATEMENT OF TERRY A. GATES

On behalf of the Virginia Department of Social Services and the Division of Child Support Enforcement, I want to thank you for requesting our comments on the Federal Audit Process. Having been personally involved in working with the Federal Auditors in Virginia's last Federal audit, I have formed some specific opinions on the Federal audit process. Although Virginia passed its most recent audit with outstanding scores in almost all of the compliance criteria, it was still my observation that the audit process did not serve the purpose for which it was created. I do not believe that this was the fault of the auditors but a result of the audit system. I would like to share with you the following observations about the audit system.

Federal audits focus on process, not product

Child Support Enforcement is a program which produces measurable results. It is logical to assume that, if the desired results are being produced, the correct process is being followed. The Federal audit system focuses attention on detail to an extent that the purpose of the audit is lost. This emphasis on the minutiae of process does not allow the audits to achieve their purpose: to improve the State child support enforcement programs. Having worked with two different groups of Federal auditors, I also have found that there is a wide variation in the consistency of the

Federal audits. Because of the myriad subcriteria used in a compliance determination and the difficulty of applying these subcriteria to the various State programs, it is impossible for the Federal audit process to provide uniform, consistent, and comparable audit results.

The audit results do not assist the States in improving the child support program.

The audit results are irrelevant by the time the results are received by the States. For example, the last audit of Virginia for CY 1991 commenced in February 1992. The final audit report was not received until November 1993. Other States have experienced even longer audit processes. Because of the rapidly changing nature of the child support program and the continual progress being made by State programs, most, if not all, audit results for 1991 would be irrelevant in November 1993. The Federal audit process is too time consuming to ever achieve its desired goal. Federal auditors are required to learn the State's entire child support program, and the necessity of looking at every detail of the process ensures a lengthy audit process.

The Federal audit system treats all errors in the child support process as being equal in importance. Since any error in the process as defined by the multitude of subcriteria in the Federal regulations results in a finding of non-compliance for that audit criterion, all errors have equal importance in terms of passing the Federal audit. However, a look at those subcriteria reveals that some criteria have more relevance to a successful outcome than others.

For example, during an audit period of a year, a child support case might have required three separate wage withholdings. The State could have successfully implemented all three wage withholdings, and yet be cited for non-compliance under wage withholding if one of the withholdings was not sent within 15 days or if the percentage of withholding was incorrect. OCSE seems to recognize this problem by proposing in AT 93–12 to allow for compliance achievement when the desired result in a service is achieved, regardless of the process requirements. However, as long as the focus is on process and compliance with hundreds of subcriteria, there will be difficulty in ensuring that the audit is measuring program performance and not simply measuring success in following every step of a standardized process correctly.

Substantial compliance is a meaningless term when applied to subcriteria with such a varying degree of importance. It is possible for nearly all of a State's noncompliance errors to be of a "technical" nature with little effect on the desired outcomes of the program, and yet be found not to be in substantial compliance due to the volume of technical subcriteria which must be met. Just as certain subcriteria have more importance than others, some audit criterion have more importance. For example, it is more important to meet the requirements of Paternity than of Payments to IV–D. However, under the current system, failure to achieve substantial compliance in any one audit criterion results in failure to pass the audit. Substantial compliance should be applied to the totality of the audit. If a State passes 75 percent of the audit criteria, it should be found to be in substantial compliance. The proposed audit changes are an improvement in this area since they lessen the number of criteria. However, the same number of unequal subcriteria would continue to exist.

RECOMMENDED CHANGES

Study and test program production measurements and tie their achievement to incentive payments.

The Federal audit should be based on justifiable program measurements, and achievement of the desired goals should result in increased incentives, rather than the imposition of sanctions against the States. It does not further the improvement of State child support programs to withhold the base money needed to improve the programs. With the participation of the States, additional performance indicators could be developed and added to the current indicators to give a complete performance appraisal of the State child support enforcement programs. The States must be notified in advance of the data that OCSE will require for the measurements. Federal auditors can verify the accuracy of the data.

OCSE has two projects which will assist in the establishment of performance measures. The first is a caseload standards demonstration grant for which Virginia was chosen as one of the test States. The other is a proposed grant to study performance measurements. Over the next couple of years, these two studies should supply ample data to support the development of program performance measurements.

The Federal Government should allow for differences among the States by entering into agreements with individual States on their performance goals, or, at least, allow for achievement of success by obtaining a percentage of improvement each

year. Only if a State fails to meet a performance measurement should the process be studied to determine the reason and recommend corrective action. Again, OCSE has moved in this direction with the creation of the performance indicator on paternity establishment and the proposal to eliminate audit of the paternity process if a satisfactory score is achieved on the indicator. In the past, the approach has been to add this type of performance measure to the existing process audit. These performance measures must replace the process audits.

If necessary, supplement performance measurements with a simple audit of timeframes of the major service areas.

It can be argued that if production goals are being met, cases are obviously being processed within certain timeframes, or not enough cases would be processed to meet the goals. However, if it is felt that measurements of timeframes is necessary, a simple audit under the expedited process criterion could be conducted. It may even be possible to allow States to do the work on this themselves as outlined below.

Require States to conduct their own internal process audits.

In Virginia, we have been conducting these types of internal quality assurance reviews since 1990. We are able to conduct the audit and report the results of an audit within 3 to 4 months. The internal quality assurance staff are able to become experts in the State's program and provide quality analysis of the program strengths and deficiencies. The results of the reviews are relevant because they are obtained closer to the period being evaluated; the results are more accurate because the auditors better understand the State's program. Because the results are more accurate and timely, and based on a greater understanding of the State program, they are more useful in developing recommendations for improving the program.

If it is still believed that the Federal Government needs routine access to a detailed evaluation of the daily child support process, the States can be required to submit the results of these internal quality assurance reviews to OCSE. It may even be prudent to set guidelines for these reviews as has been done in other Federal programs.

In conclusion, it is our opinion that the current Federal audit process does not achieve the purpose for which it was created: to improve State child support enforcement programs. We believe that the proper way to audit child support is to set quantitative measurements of production, such as collections and numbers of paternities established, and require States to achieve certain levels of performance or improve by a set percentage each year. Only if a State fails to meet its production goals, should a process audit be conducted. If it is necessary to have an additional measure of program quality, a simple audit of processing timeframes would be sufficient. If any additional audit of process is needed, it should be conducted by the States themselves and the results shared with the Federal Government.

Thank you again for this opportunity to share our views with you.

PREPARED STATEMENT OF THE NATIONAL CHILD SUPPORT ADVOCACY COALITION

The National Child Support Advocacy Coalition (NCSAC) is the oldest and largest national network of individual advocates and independent child support advocacy organizations across the Nation. NCSAC membership offers a broad based perspective representing the interests of both AFDC and non-AFDC families. NCSAC interfaces with local, State and Federal Government officials and monitors both State and Federal legislation.

The object of the child support enforcement program is to hold parents accountable for supporting their children and to collect this support. Due to a number of obstacles, this program has yet to meet Congressional expectations. The potential for child support collections has been estimated at over $47 billion by a White House task force on welfare. This estimate has nearly doubled since a 1984 national study set the collection potential at $24 billion dollars. Of the $13 billion support collected in 1993, State child support enforcement agencies collected $8 billion.

Furthermore, studies have proven it is not the inability to pay, but rather refusal to pay that has plunged children into the depths of poverty. Most non-custodial parents are able-bodied and can contribute to the financial support of their children. Simply put, they do not pay because they know they can get away without paying.

We cannot depend solely upon legislation to fix the problems. There has to be improved cooperation between the States and the Federal Office of Child Support Enforcement. More importantly, there has to be increased public awareness that nonsupport is a crime and should not be confused with welfare.

To this end, the majority of NCSAC members offer the following recommendations as a collective effort to assist in the development of a more effective child support enforcement program. NCSAC emphasizes "Child Support Enforcement" is not synonymous with Welfare. They are separate issued and should be dealt with accordingly.

ORGANIZATION AND STRUCTURE

1.The Federal Office of Child Support Enforcement (CSE) program should be a single and "separate" agency, reporting to an Assistant Secretary. Unless the Child Support program is separated from the Welfare program, it will always be viewed as a social problem.

2. The State structure should mirror the Federal design with reporting authority to the Governor.

3. This combined show of strength would send a message to the general public that non-support will not be tolerated.

4. The CSE program should not be Federalized in IRS or SSA.

FEDERAL COMPLIANCE WITH THE SOCIAL SECURITY ACT

Section 452 of the SSA sets forth duties of the Secretary of HHS. OCSE/HHS has failed miserably in the following:

1. Establish minimum organizational and staffing requirements.

2. Provide technical assistance to the States, for example: review of State computer contracts for compliance with Federal regulations prior to execution of same, thereby saving millions in re-negotiations; distribution of Policy Interpretation Questions (PIQs) and responses to all State IV–D Directors, etc.

3. Receive applications from States to utilize U.S. Courts and follow through to completion.

4. Submit to Congress an annual report on all activities, not later than 3 months after the end of each fiscal year.

IMPROVEMENTS AT FEDERAL LEVEL

1. Equalize AFDC and Non-AFDC IRS tax intercept criteria. Currently submission threshold for AFDC is $150 and N–AFDC is $500.

2. Eliminate age 18 restriction in Non-AFDC IRS tax intercept cases.

3. Improve utilization of IRS full collection process.

4. W–2 forms should include child support withholdings.

5. W–4 reporting should be expanded to include Federal employees

6. Expand access to all tools available to IRS.

7. Amend the Fair Debt Collection Practices Act (FDCPA) to exempt collection of child support.

8. Amend the 1982 Federal law permitting garnishment of military pay to comply with 1984 and 1988 child support withholding statutes.

9. Run annual SSN match against all Federal agencies to identify delinquent civil service employees. Forward employment and medical insurance coverage data to States for enforcement.

10. Federal audits should measure performance rather than process.

11. Reconsider extending 90 percent Federal Financial Participation (FFP) for State automated systems.

12. Reactivate training contracts for legislators, judicial, State personnel and ABA Child Support Project.

13. Mandate all incentive moneys be reinvested in State IV–D programs.

14. Remove non-AFDC incentive cap in order to increase interstate collections.

15. Extend FFP to reimburse State administrative costs for non-IV–D automatic withholding cases.

16. Mandate universal statute of limitations for collection of child support arrears that would include exhaustion of all avenues (e.g. Social Security Retirement Benefits, Pensions, Inherited Estates, etc. or upon death of non-paying parent).

17. Mandate States adopt Administrative Process.

18. Ratify United Nations Convention of 1956.

19. Establish a Central Agency through which States are mandated to enter reciprocal agreements with foreign countries participating in U.N. Convention of 1956.

20. Mandate corrective measures for delinquent parents at international level, such as: confiscation of passports; improved detection at U.S. borders through SSN crosschecks.

21. Currently international child support cases are entered by States as interstate cases. Consequently, data on international cases is non-existant. Require States to collect and include data in the Annual Report to Congress.

22. Add new categories to U.S. Bureau of Census studies on Child Support and Alimony to include: gender; residency; payment patterns; employment data (wage earner vs self-employed); etc.
23. Extend FFP to reimburse States to enforce and collect medical arrears in IV–D cases.
24. Mandate States to report all eligible AFDC and N–AFDC cases and amount of child support arrears to Credit Bureaus. Clarify which State is responsible for reporting arrears to credit bureaus in interstate cases.

PATERNITY

1. Require States to conduct DNA testing (specifically buccal swabs of saliva samples) at the birth of the child, rather than waiting until the child is 6 months of age which is the current practice. In addition to expediting the paternity establishment process, it produces less trauma to the newborn child.
2. Establish support obligations at birth.
3. Provide 90 percent FFP funding for all administrative costs to establish paternity.

ENFORCEMENT

There is no argument that locate is the number one obstacle impacting the effectiveness of the current system. One cannot begin paternity establishment, enforcement or collection actions unless the non-custodial parent can be found. State and Federal Parent Locate Services do not meet the challenges that are posed by determined child support evaders, especially where non-paying parents possess multiple Social Security Numbers, the self-employed, and interstate cases.

Proposed legislation should be amended to require that all States access each other's driver's license, employment, unemployment, corrections, etc. through a single network. Currently, the Electronic Parent Locator Network (EPLN), which can be accessed without a Social Security Number, provides this service in nine States and could easily be expanded throughout the Nation.

1. Standardize all forms (withholding, garnishment, etc.).
2. Revoke/restrict licenses, including professional, drivers, etc.
3. Prioritize payment disbursement: current, non-AFDC arrears, State AFDC reimbursement, tax liabilities.
4. State systems and programs should be uniform throughout the state.
5. States should contract with Credit Bureaus for reporting of debts and locating purpose.
6. States should create central registry for all child support orders.

FEDERALIZATION OF CHILD SUPPORT ENFORCEMENT

An overwhelming majority of NCSAC members do not support Federalizing child support enforcement under the Internal Revenue Service (IRS). To do so, would be like "jumping out of the frying pan into the fire". Recent General Accounting Office (GAO) reports detail problems and deficiencies at the IRS. The problems at the IRS mirror those found in State child support enforcement systems.

- Staffing imbalances
- Flawed staffing methodology
- Case prioritization schemes
- Large numbers of low priority cases not worked
- Inadequate collection process
- Inaccurate data and statistics
- IRS systems are "outdated, inefficient, unintegrated and error prone."
- Accounting errors
- collection efforts suspended on 40 percent of inventoried accounts
- Taxpayer's lifestyle not considered in payment of debt
- Uncollectible accounts increased over 178 percent since 1987

Aside from these internal problems, the IRS has never enthusiastically embraced enforcement of child support. The cost and time required to transfer entire caseloads and train Federal personnel would be staggering. In addition, already impoverished single parents would be further burdened until the IRS expands it's offices and services. All in all, a unwelcome move of this magnitude could only result in utter chaos and disaster.

CHILD SUPPORT ASSURANCE

Upon close examination of the child support assurance process, one finds it difficult to deny the strong similarities between assurance and welfare. Like welfare, child support assurance is:

- a benefit program
- funded by the Federal Government
- primarily created for impoverished single parent families
- treats symptoms, rather than cause
- promotes more government control over family life
- creates more disincentives than incentives

Advocates admit that only with a stronger and more improved child support enforcement program will child support assurance succeed. The child support enforcement program cannot reach that point without time and money. Are child support assurance advocates willing to wait? Or are they willing to jeopardize both programs? Our tax dollars cannot adequately fund both programs at this time.

Opposition to this entitlement program has raised many unanswered questions.

- Does the (Garfinkel) total net cost estimate of $2.1 billion only include eligible welfare cases?
- What is the duration of eligibility for child support assurance compared to welfare?
- Has this been factored into the cost estimate? What is the breakdown for welfare cases versus non-welfare cases?
- Will this program be available to all parents in possession of a child support order?
- Is it economically sound to consider extending this program to parents without child support orders?
- What is the additional tax burden in this case?
- Without reliable statistics and data, how can you project program costs?
- Will it really be cost effective?
- Do we want to create another layer of bureaucracy?
- What are the additional costs of assured health benefits?
- Many support awards are much lower than the published benefit levels. What are the projected costs in these cases?
- With no sound data on cases outside the IV–D system, how can you project these costs?

Presently State IV–D personnel cannot adequately handle the current caseloads. Child support assurance will increase administrative costs and the need for additional staff. Each year States encounter a strong reluctance from State legislators to invest in the child support enforcement program. With the current trend to limit welfare to 2 years, State legislators will have second thoughts about pouring money into another entitlement program that so closely resembles welfare?

Upon close scrutiny, proposed and current demonstration projects in progress are confined solely to cases presently on welfare or where the parent has recently gotten off welfare. Without demonstration projects that include N–AFDC cases, there is no sound and admissible data to support the computer projected costs as reported to Congress. Crystal ball gazing and hypothesizing are not consistent with the current administration's thrust of "Reinventing Government".

In conclusion, child support assurance in it's current form will not "end welfare as we know it", but will only disguise it under another name.

ADDENDUM

In addition to the above recommendations, I would like to provide some historical background that illustrates the extent of child support delinquency among Federal employees. Although State child support agencies can access State, municipal and private employment records to run routine matches, access to Federal employment information can only be accomplished through the Federal Parent Locate Service through the Office of Child Support Enforcement (OCSE).

To my knowledge, there has been only one Social Security Number match conducted by the DHHS Office of Inspector General (OIG) in conjunction with OCSE against the Federal employees. This does include the pilot project against 130,000 HHS employees that preceded this much broader one. Even so, this match omitted a number of Federal agencies, which included the CIA, TVA, U.S. Tax Court, and the GPO to name a few.

One has to keep in mind that any match performed will not illustrate the extent of the delinquency problem because the database from which any matches are performed represent only those cases that are processed through State Child Support

Enforcement Agencies. There is no known method to account for the tens of thousands of "private pay" cases.

Much to the dismay of the OIG, the HHS pilot project reported 368 delinquent employees and took 3 months to complete in 1988. At a private briefing session, OIG staff expressed concern over the delinquent employees, who were "just GS–6s or GS–7s" and did not make much money. This did not raise my sympathy level, since the father of my children had failed to support them when he was a GS–7.

This reluctance showed up throughout the next few months in the form of extensive, time delaying protective measures, which benefited the delinquent parent, rather than the children. The match was concluded in April, 1989, but the identities were not released until October, 1989. In fact, the match drug on for so long that State Child Support Directors in addition to advocates were forced to write letters to Congress calling for action. The names of over 50,000 delinquent parents were being held hostage and time was on their side. The longer the delay in getting the information to the State Agencies, the less likely the information would be current, and the longer it would take to begin wage withholding.

The majority of delinquent parents' families were Welfare recipients and were obviously recipients of other entitlement programs, such as Food Stamps and Medicaid. Medical coverage was available to these families through the delinquent parents' Federal employment. Not only were the American taxpayers shouldering the burden of providing Medicaid, Food Stamps, and AFDC payments, but we were also paying the delinquent parents' salaries with our tax dollars. In essence, we were supporting these families and the delinquent parent.

In April, 1989 a Memorandum was sent by Inspector General Richard Kusserow to Catherine Bertini, Acting Deputy Assistant Secretary for Family Support which outlined a twofold objective for this match—". . . identifying Federal employees who: (1) were delinquent in child support payments and potentially eligible for wage withholding, and (2) have medical insurance and could be providing their children medical support." It is not clear whether the OIG supplied medical information to OCSE for distribution to the States, but one thing is certain, the medical information was not reported to the States. In a letter to the States dated Oct. 12, 1989, OCSE indicated that the "Postal Service listings contain a bit more information than the other agency listings. HLT CDE identifies the employee's health coverage plan."

What could have been accomplished in 6–8 weeks actually took almost a whole year. Now it has come to my attention that last September 28, 1993, a Memorandum of Understanding was signed by Officials of the Office Personnel Management (OPM) and OCSE to conduct another Social Security Number match of delinquent Federal employees. To my knowledge, no match has been conducted as of this date.

When this new match occurs, we can expect a greater number of delinquent employees with non-AFDC cases to be identified, since the number of non-AFDC submittals for IRS Tax Refund Intercepts have increased since 1988. It is hoped that the goal will again be twofold—and reported, since recurring OIG recommendations to Congress project millions could be saved in Absent Parent Medical Liability.

It is hoped that this Subcommittee will take the initiative and responsibility of conducting a Congressional Inquiry into these matters in the best interest of these abandoned children of the largest employer in the United States. Let the Federal Government set an example for the rest of the Nation to follow.

HHS RESPONSES TO QUESTIONS SUBMITTED FOR THE RECORD BY SENATOR PRYOR

Question. Do you believe that if we are successful in efforts to significantly increase paternity establishment, particularly among poor, unmarried women, the CSE caseload would rapidly increase? If so, what should the Federal response be?

Answer. Over 55 percent of the families on AFDC are receiving benefits because the mother of the youngest child was never married. The most recent AFDC caseload data indicates that there were over 2,346,000 families receiving AFDC benefits where the mother was never married. Hence, the majority of the Child Support (IV–D) AFDC caseload consists of paternity cases. If we are successful in our efforts to significantly increase paternity establishment we will be able to establish paternity, establish orders and collect support for these families. This may in fact reduce the AFDC IV–D caseload and make these families self-sufficient. The Federal response is to send an equally clear message that parents, even if they don't live with the child, will have to take responsibility for providing emotional and moral guidance, as well as economic support.

GENERAL

Question. What is the most pressing need OCSE has in order to improve the child support enforcement system?

Answer. Promoting the ethic of parental responsibility is fundamental. No one should bring a child into the world until both parents are prepared to support and nurture that child. We need to implement approaches that both require parental responsibility and help individuals to exercise it. First, we need to establish a national effort to prevent teen pregnancy. Second, we need special efforts to encourage responsible parenting among those on assistance, especially very young mothers. Third, we must collect more child support on behalf of all children living in single parent families.

Question. GAO has found that OCSE presently has little capacity to provide technical assistance to States. How do you plan to help States implement new requirements contained in the welfare reform proposals?

Answer. Under the welfare reform proposal, an amount equal to 1 percent of the Federal share of child support AFDC collections made in the previous year will be earmarked for technical assistance, training, research and conducting staffing studies. This represents a significant increase over amounts expended by OCSE in the recent past. Currently, aside from the provision of training and publication dissemination, most of the assistance provided is in the nature of problem identification through program reviews.

Under our proposal, OCSE would provide more direct technical assistance in a variety of forms to States (e.g., developing model laws and identifying model legislation and best practices that States may adopt; reviewing State laws, procedures, policies, and organizational structures; and providing enhanced technical assistance to meet the Program's goals). Such provision of technical assistance will be designed to prevent program deficiencies before they occur.

As provided in the bill, through the National Training Center (NTC), OCSE will be involved in a broad array of training initiatives. These will include the provision of a federally developed core curriculum to be used in the development of State-specific training guides and development of a national training program for State IV–D Directors.

Funds will also be made available to States for the development and conduct of training for IV–A and IV–E caseworkers, private attorneys, judges, and clerks who need the knowledge of child support to perform their duties but for whom a cooperative agreement does not exist for ongoing child support activities.

In addition, under our proposal staffing studies will be conducted for each State child support enforcement program, including an assessment of the effects of automation on human resource needs. States will be able to use this information for informed personnel and budgetary decisionmaking.

Finally, to assist States in both training and technical assistance, our NTC has already compiled the *Child Support Enforcement Resource Directory.* The Directory contains names of persons who have CSE expertise and can provide training or technical assistance in specialized CSE topics.

We would also note that with the passage of the Government Performance and Results Act of 1993 (GPRA), and the designation of the Office of Child Support Enforcement as one of two HHS pilot agencies, work has already begun with the States to develop a national strategic plan for the Child Support Program.

In addition, approximately half the States have applied to be special GPRA pilots. Nearly all of them have clearly identified goals and objectives consistent with CSE's 5-year strategic plan and the Administration's welfare reform proposals. We will be working very closely with the States, from both central and regional offices, to provide technical assistance, consultation, and on-going management support to assure that national child support program goals and objectives are achieved.

Question. In the past, GAO has found that it takes far too long for HHS to implement the regulations necessary for the States to carry out the latest reforms. How will you make sure that this doesn't happen if we pass a whole host of new reforms in the near future?

Answer. The process by which regulations to implement Federal laws are issued is governed by numerous statutes, executive orders, and requirements and practical experience has shown the rulemaking process to be complicated and time-consuming. In fact, in September 1993, the National Performance Review (NPR) issued an Accompanying Report devoted to universal concerns about Federal rulemaking.

In the report, the NPR offered various suggestions for improving the regulatory process. In addition, on September 30, 1993, the President issued E.O. 12866, Regulatory Planning and Review, establishing a program to reform and make more efficient the regulatory process. HHS is committed to incorporating the recommendations outlined by the NPR and to abide by the principles and actions laid out in the E.O. 12866, as it continues to explore ways to streamline the internal clearance process.

These changes are already making marked improvements in the rulemaking process. For example, to implement legislative changes to paternity establishment requirements enacted August 13, 1993 as part of the Omnibus Budget Reconciliation Act of 1993 (Pub. L. 103–66), proposed rules were developed concurrently with the legislative process and fine-tuned as the legislation was revised. As a result, the document entered the clearance process within weeks of passage and the proposed rule was published in less than 4 months of enactment of the statutory changes.

In identical fashion, we are actively monitoring current legislative activity, engaging in dialogue with the States, evaluating the necessity of rulemaking, considering options for providing instructions to States in implementing potential reforms, and gathering input to assess States' readiness to respond to proposed changes.

Question. What is your opinion of why the child support enforcement program has not improved the rate of collection more than it has? Why are only 19 percent of the cases receiving collections?

Answer. The child support caseload has been increasing steadily since the program's inception with the largest increases occurring after the Child Support Amendments of 1984 and the Family Support Act of 1988 were passed. It has been difficult for the States to keep pace with the increasing workload. The IV–D program has over 15 million cases of which 56 percent have orders established. In fiscal year 1992 over 2.8 million cases had collections which is equivalent to over 32 percent of the cases with orders. With the caseload growing at a rate of over 13 percent a year it is difficult without additional resources and full automation for States to make headway. While States have continued to establish paternities and orders as well as collect additional child support at a steady rate, despite an ever increasing caseload, the need for fundamental reform of the program is clear.

Question. How will the new proposals help collect the $34 billion that is not collected each year?

Answer. A critical step in ensuring that a child receives financial support from the non-custodial parents is the establishment of a child support award. Roughly 57 percent of the potential collection gap of $34 billion can be traced to cases where no award is in place. Paternity, a prerequisite to establishing a support award, has not been established in about half of these cases. States currently establish paternity for only about one-third of the out-of-wedlock births and typically try to establish paternity after women apply for welfare.

The Omnibus Budget Reconciliation Act of 1993 (OBRA) mandates that all States implement laws and procedures encouraging the voluntary acknowledgement of paternity including in-hospital paternity establishment programs. This effort should have positive results as it moves to establish paternity closer to the time of birth which has been shown to increase the probability of establishing paternity.

The Administration's Work and Responsibility Act of 1993 recognizes that both parents must support their children, and establishes the toughest child support enforcement program ever proposed. As part of a plan to reduce and prevent welfare dependency, our plan provides for:

Universal paternity establishment. Hospitals will be required to put procedures in place to establish paternity at birth, and each applicant will be required to name and help find her child's father before receiving benefits.

Regular awards updating. Child support payments will increase as fathers' income rise.

New penalties for those who refuse to pay. Wage-withholding and suspension of professional, occupational, and drivers' licenses will enforce compliance.

A national child support clearinghouse. Three registries—containing child support awards, new hires, and locating information—will catch parents who try to evade their responsibilities by fleeing across State lines. Centralized State registries will track support payments automatically.

State initiatives and demonstration programs. States will be able to make young parents who fail to meet their obligations work off the child support they owe. Demonstration grants for parenting and access programs—providing mediation, counseling, education, and visitation enforcement—will foster non-custodial parents' ongoing involvement in their children's lives. And child support assurance demonstrations will let interested States give families a measure of economic security even if child support is not collected immediately.

Government Performance and Results Act. The move towards a performance-oriented system of child support enforcement will be enhanced by efforts now underway to pilot performance measurement under the Government Performance and Results Act of 1993.

We are hopeful that implementation of our multifaceted agenda for reforming the child support system, through enactment of the President's bill, involvement in the GPRA pilot projects, and doing business in a new way, will finally ensure that our Nation's children receive the financial and emotional support they deserve.

PUBLIC AWARENESS CAMPAIGN

Question. I understand that HHS is discussing with the Ad Council the possibility of conducting a national public service advertising campaign on this issue. I commend HHS for taking this step. What are your goals with this campaign and what will the message be?

Answer. The goals of this multi-media public education campaign are to build nationwide awareness of the problem of nonpayment of child support and to increase compliance with child support obligations by heretofore non or only partially compliant individuals. While we are not prepared to speak to the exact message the campaign will send, we are in the process of procuring a contract to conduct national market research to determine the role advertising can play in alleviating the problem of noncompliance and a strategy for most effectively building nationwide awareness of the problem and increasing compliance.

Question. For years, HHS regulations have urged States to carry out outreach efforts. Have these efforts been effective? Does HHS monitor or assist with these efforts?

Answer. Judging from the feedback from the States, we believe the efforts have been somewhat effective, but we feel more can be done to make the CSE program services known to a larger audience. Some States have used public service announcements, printed materials (publications, brochures, posters), specialty items such as pens and calendars, and speeches, to-name a few approaches, to promote their CSE Programs.

We do monitor State outreach efforts. In fact, by soliciting from the States information and samples of their public awareness products, we are able to produce and distribute a handbook of State outreach best practices. These handbooks assist other States in designing and preparing their own public awareness campaigns.

Question. Judge Ross, you have worked in this field on the front line for years. The default rate on car loans is 3 percent. The default rate on child support enforcement is nearly 50 percent. As a former local judge, what are your ideas to help bring more focus on child support issues?

Answer. We must improve the system, to help families. As indicated in the Assistant Secretary's testimony, our strategy for tackling shortfalls and making the Child Support Enforcement program better is multifaceted. We are committed to building a stronger partnership with States and providing proactive Federal leadership, both through administrative enhancements enabled under current authority and through the reforms we are proposing in legislation. We are committed to shifting the Federal focus in child support from process to results and performance and are accelerating activities toward this end. And we are committed to doing business differently and making the cultural changes at the Federal level, that is shifting from predominately a reactive overseer to a proactive partner, to ensure that we are all mobilized to meet the demands of the 21st century in protecting children's well being.

Question. Both of you have served on the front line working to make this system work for single parents. Now that you both are at HHS, how do you keep the *focus* on the single mother with children?

Answer. Our current welfare system often seems at odds with core American values, especially responsibility. Overlapping and uncoordinated programs seem almost to invite waste and abuse. Non-custodial parents frequently provide little or no economic or social support to their children. And the culture of welfare offices often seems to reinforce dependence rather than independence. The President's welfare

reform plan reinforces American values, while recognizing the government's role in helping those who are willing to help themselves.

Our proposal includes several provisions aimed at creating a new culture of mutual responsibility. We will provide recipients with services and work opportunities, but implement tough, new requirements in return.

Finally, as detailed in the earlier response on closing the $34 billion collection shortfall, the Administration's plan recognizes that both parents must support their children. Our bill establishes the toughest child support enforcement program ever.

We believe that the Administration's focus on protecting the needs of children and their families could not be clearer.

AUDITS OF STATE PROGRAMS

Question. You are now trying to clarify the mission of OCSE. Are you the *advocates* for the State and local entities and for the children or are you the *auditor* that checks up on compliance with Federal regulations?

Answer. Our goal is to work with State and local governments to put the children first and improve program performance. All of our staff resources will be directed to this end. The anticipated role of the audit function under welfare reform will be to focus on providing independent assurance that States reliably report the various measures of program effectiveness. This new role of the auditors will be critical in helping to determine which functions of the program and which States need improvement in order to fully address the needs of the children.

Question. GAO found that OCSE has not yet begun to audit compliance with the 1988 child support enforcement amendments. What has been the cause of this delay and when will this problem be solved?

Answer. An extremely protracted rulemaking process prevented OCSE from issuing revised regulations which would incorporate the Family Support Act requirements into the audit regulations. However, as indicated earlier, within the last year the Department has instituted regulatory reform measures advanced in both the NPR and the President's Executive Order on Regulatory Planning and Review which are beginning to pay off. In fact, the regulations providing audit criteria for the Family Support Act changes should be finalized by the end of October 1994.

It is worth mentioning though, that we have performed some limited reviews of Family Support Act related requirements for management purposes. These reviews have assisted the States in identifying potential areas of deficiencies as well as assisting the auditors in preparing for future audits after the audit regulations have been finalized.

Question. Over half of the OCSE staff are in the audit division, 85 people out of a total of 150. Will this ratio change with the passage of welfare reform?

Answer. The quoted statistics on the ratio of audit staff to total staff do not reflect current conditions. First, these statistics represent past budgeted authorized ceilings, not current staffing levels. Secondly, we believe these figures are very misleading because they do not reflect the staff outside OCSE headquarters that directly work on child support activities such as technical assistance, training, legislative assistance, public relations, etc. The audit staff represents approximately 38 percent of the total staff working on child support activities. As of July 24, 1994, there were 231 staff directly performing child support activities. This total includes audit staff (79), other Headquarters staff (64), systems staff assigned to Office of Information Systems Management (13), Policy and financial staff in ACF (3), and Program and financial staff assigned to the child support function in the Regional offices (72).

We do not anticipate future increases to audit staffing. For the past several years, we have been able to hold the size of the audit staff constant and still meet the increasing workload through automation and other techniques to increase staff efficiency.

QUESTIONS FROM SENATOR COCHRAN

WAIVERS

Question. Several States including Mississippi, continue to have waivers pending before both the Department of Health and Human Services and the Department of Agriculture, months, even years, after the original application is submitted. One State, Oregon, has had a waiver pending since 1990. Could you please explain why the process for clearing the waivers takes such a long period of time?

Answer. We are not aware of any waiver from Oregon that has been pending since 1990.

The guidelines under which waiver requests are handled are contained in President Clinton's Executive Order of October 26, 1993 "Increasing Flexibility for State and Local Waivers," which sets a target of 120 days between an application and a decision. However, the process of considering State waiver requests is a function of both time for Federal review and time for States to answer questions, clarify or reconsider important aspects of the proposed demonstration and deal internally with other State issues.

Sixteen demonstrations have already been approved under this Administration.

Question. There have been a number of delays in granting the welfare reform program waiver request for Mississippi. Over the last several months, HHS has attributed the delay to the Department of Agriculture, the lack of authorization for Mississippi's Department of Human Services and, most recently, possible congressional changes in the Food Stamp Program. Do you foresee any additional problems with Mississippi's waiver application? If not, when do you expect the waiver request to be granted?

Answer. The issue of Congressional consideration of Food Stamp cashout, to which you refer, continues to be of concern. Until Congress resolves this issue, we believe our correct response should be to defer a final decision on Mississippi's application. Of course we will continue to work with the State to resolve non cash-out issues so that a final decision can be made promptly after a congressional response.

ANSWER TO ADDITIONAL QUESTION FROM SENATOR COCHRAN

Question: Do you foresee the non-AFDC cases in CSE becoming more than 50 percent of the caseload?

Answer: We believe it is very likely that the non-AFDC caseload will exceed more than 50 percent of the CSE caseload. Given the continued rise in the divorce rate, we believe the non-AFDC caseload will continue to grow under the current provisions. Furthermore, if the Administration's proposal for universal inclusion of all child support orders is passed, we believe the non-AFDC cases will grow even faster and represent a much larger portion of the caseload than it does now. In addition, if families are moved off AFDC within 2 years, as also proposed by the Administration, they will add to the non-AFDC cases whether or not they have child support orders by the end of their 2 years.

RESPONSES TO FOLLOW-UP QUESTIONS TO JUDY JORDAN TESTIMONY

Question. Do you believe that if we are successful in efforts to significantly increase paternity establishment, particularly among poor, unmarried women, the CSE caseload would rapidly increase? If so, what should the Federal response be?

Response. Caseloads will rise to some extent. However, we get the majority of these cases now. With new techniques and programs we would hope to be more successful in establishing paternity, establishing and collecting support.

To be successful in pursuing these cases the IV–D agency should determine noncooperation and have effective sanctions available to obtain cooperation from the clients. Such sanctions should include ineligibility for medicaid or food stamps. All patients receiving medicaid for birthing expenses should be required to name a father at the hospital to be eligible for medicaid. We, also, need Congress to mandate that States require that an acknowledgement of paternity be conclusive after 1 year and hospital based acknowledgement programs should be adequately funded at the 90 percent FFP rate. States should be required to have a procedure for default judgements in place and an administrative process for paternity establishment and for setting child support awards. These tools would assist child support agencies in efficiently handling larger caseloads.

Expanding caseloads will require adequate staff resources. We urge Congress to provide guidelines on staffing ratios and adequate funding for all cases handled by the child support enforcement agency. Currently, funding for non-AFDC cases is capped. Cases must be worked uniformly without regard to case type if we are to be successful in establishing paternity and securing financial support for our children. Congress needs to eliminate this funding differential if child support agencies are to have adequate resources to address growing caseloads. Also, States should be required to reinvest reimbursed and incentive funds into the child support program to ensure more uniformity and adequate funding of State child support programs nationwide.

PAT ADDISON'S RESPONSE TO SENATOR COCHRAN'S QUESTION #3

In response to your question whether efforts to increase paternity establishment would rapidly increase the caseloads of child support agencies, I do not believe this would have a great impact. In most instances, especially those involving economically disadvantaged women, the child support agencies would have such cases in their caseloads already or would soon get them. A concerted effort to establish paternity early in the lives of children would probably have a positive effect on the efforts of child support agencies, allowing obligations to be established sooner and hopefully promoting fathers' involvement in their children's lives, thus reducing the need for extensive locate activities.

The Federal Government's role should be primarily to set standards for cases per worker to enable each case to get the attention it deserves. In addition, the Federal Government should facilitate cooperation among States for the establishment of paternity and direct cooperation from the military in cases in which the alleged father is in the armed forces. Encouraging reciprocal agreements with other nations for the purpose of establishing paternity would also be helpful.

Birthrate for Unwed Women Up 70% Since '83, Study Says

By STEVEN A. HOLMES
Special to The New York Times

WASHINGTON, July 19 — With the debate over reducing the country's welfare rolls focusing renewed attention on the rising birthrate among unwed women, the Census Bureau reported today that such births soared by more than 70 percent from 1983 to 1993.

According to the bureau, 6.3 million children, or 27 percent of all children under the age of 18, lived in 1993 with a single parent who had never married, up from 3.7 million in 1983.

While indicating that the annual increase in the number of children born out of wedlock slowed somewhat in the 1980's, the report also documented the sharp rise in these kinds of births over the last three decades. While there were 243,000 children living with one parent who had never married in 1960, by last year that number had climbed to 6.3 million.

"It's astonishing," said Kristin Moore, director of Child Trends, a Washington-based research organization that studies adolescent pregnancy. "It's really a substantial social change, and it's happened really fast."

The figures are compiled in an annual report by the Census Bureau titled "Marital Status and Living Arrangements." The findings mirror the results of other studies in recent years — including those done by the Census Bureau — that show out-of-wedlock births still on the rise.

The report demonstrated the extent to which blacks are affected by the changes that are roiling the traditional family structure. According to the report, 57 percent of black children are living with one parent who has never married, compared with 21 percent of white children and 32 percent of Hispanic children.

The latest figures are likely to fuel the debate over competing Democratic and Republican proposals on how to cut the country's welfare rolls.

In its bill, the Clinton Administration emphasizes the need to identify the fathers of children born out of wedlock and hold them responsible for financial support of their children, requires single mothers under the age of 20 to remain in school to continue to receive welfare benefits and allows states to limit additional cash

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For Unwed Women, Birthrate Is Up 70 Percent Since 1983

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benefits to women whose babies are conceived while they are on welfare.

But a group of Republicans in the House, contending that welfare provides a financial incentive for poor, unmarried women to bear children, goes Mr. Clinton one step further, freezing welfare payments at current levels and denying cash benefits to single mothers under the age of 18.

"I think these figures dramatize, once again, that our welfare policies are going in absolutely the wrong direction," said Representative Jan Meyers of Kansas, who is the architect of the Republican bill.

But some researchers say that freezing or denying welfare benefits would not have much, if any, effect on the soaring illegitimacy rates. They note that the out-of-wedlock birthrate rose in the 1960's when the value of welfare benefits went up. Yet the rate continued to rise in the 1970's and 80's, even though the value of the benefits declined because they did not keep pace with inflation.

Concerns about welfare's effect on families.

"Research suggests that welfare accounts for some, but not all of this phenomenon," said Martha Farnsworth Riche, director of policy studies for the Population Reference Bureau, a private research group.

Family Trends

The statistics included in the annual report also document other trends associated with the breakdown of the traditional American family:

¶The number of unmarried adults nearly doubled, to 72.6 million from 37.5 million, from 1970 through 1993, with 58 percent of this group made up of adults who have never married.

¶The number of people who are divorced tripled to 16.7 million in 1993 from 4.3 million in 1970.

¶Men and women alike continue to delay marriage, with the median age at first marriages rising last year to 26.5 years for men and 24.5 years for women. The figures represent the highest median age at marriage for both men and women since 1890.

¶The delay in marriage is greatest among blacks, with 22 percent of black women age 40 to 44 never having been married, compared with 7 percent of white women and 9 percent of Hispanic women.

Role in Social Problems

But it is the drastic rise in the birthrate among unwed women and girls that is most likely to draw attention in the coming months as Congress debates several issues. The phenomenon of out-of-wedlock births has been cited as a factor in a host of social problems, including increased crime, drug abuse, welfare dependency and poor educational attainment.

Indeed, the bureau's report presented stark evidence of the socioeconomic disadvantages confronted by children living in one-parent households, as against those in two-parent families. And the report indicated that those disadvantages were much more acute for a parent who never married.

According to the Census Bureau, the median family income in households where two parents were present was $43,578. In contrast, in one-parent families where the mother was divorced, the median income was $17,014, and where she had never been married, the median income was $9,272.

Similarly, 10.6 percent of children living in two-parent families were living below the poverty line. But 38.4 percent of children living with divorced mothers and 66.3 percent of those living with mothers who had never married were living below the poverty line.

More Children Being Born to Unwed Parents, Study Says

Newsday

American children who live with one parent are almost equally divided between children of divorce and those born to parents who were never married, according to a Census Bureau report based on 1993 figures.

Just 10 years ago, children living with one parent were twice as likely to be products of divorce as they were to have been born out of wedlock.

"The narrowing gap between the children of the never-married parent and the divorced parent was most striking," said Arlene Saluter, author of the report, "Marital Status and Living Arrangement: March 1993," to be released today.

"We've had an increase of child-bearing among teenagers, which is actually what I would consider the premarital years, and then with the delay in marriage among older women, they have more years in a never-married state," Saluter said. "So both ends of the spectrum are contributing to the increase—both the younger mothers and the older mothers."

Last year, 6.3 million children lived with a parent who had never been married, a number approaching the 6.6 million children living with a divorced parent.

The trend means that more and more children are being raised without the financial and emotional support of a father figure, said David Blankenhorn, president of the Institute for American Values, a nonpartisan think tank in New York City.

"These are kids who don't know what their fathers look like. They are radically fatherless," Blankenhorn said. "We are looking at an ever larger group of men who bring children into the world casually, without any intention to support them."

The report notes an upward trend among those who live with a single father. While only 9 percent of children lived with only a father in 1970, it was 13 percent last year, a rise attributed to changes in custody laws and an increase in the number of employed mothers.

Other findings of the report include the following:

- More than 3 million children under 18 were living in their grandparents' homes.
- While the number of married persons increased from 95 million to 114.5 million between 1970 and 1993, their percentage in the population declined from 72 percent to 61 percent. Meanwhile, the number of unmarried adults almost doubled, from 37.5 million to 72.6 million.
- The median age of first marriage increased to 26.5 for men and 24.5 for women in 1993, up from 23.2 and 20.8, respectively, in 1970.
- Twenty-two percent of African American women between the ages of 40 and 44 have never been married, compared to 7 percent for whites and 9 percent for Hispanics of the same age.
- The number of people living together in unmarried couples increased sevenfold since 1970.

DEFAULT RATES

FHA AND VA HOME LOANS - 1.3%

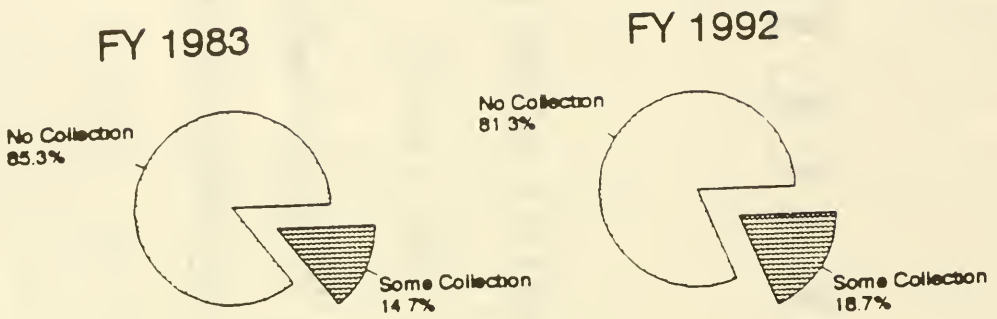
USED CAR LOANS - 3%

SMALL BUSINESS LOANS - 16%

CHILD SUPPORT ORDERS - 49%

PROGRESS ?

National % of Cases Served by State Child Support Enforcement Agencies in which any Collection was Made



After $12 billion was spent between 1983 and 1992.

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